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Report of the International Civil Service Commission for the year 2006

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Sixty-first Session
Supplement No. 30 (A/61/30)

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Note

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In an effort to facilitate the anticipated simultaneous consideration by the General Assembly of the annual reports of the International Civil Service Commission for 2005 and 2006, a complete list of items addressed by the Commission during these two years is provided in the table of contents below, with reference to pertinent paragraphs of the current 2006 as well as the 2005 annual report (A/60/30 and Corr.1) (items not covered in the present 2006 annual report appear in square brackets). The summaries of the Commission's recommendations and of the financial implications that follow apply a similar approach, showing reference to both the 2006 and 2005 annual reports and indicating, as appropriate, whether the 2005 recommendations were revised or superseded in 2006.

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Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACPAQ	Advisory Committee on Post Adjustment Questions
CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
CEB/HLCM	United Nations System Chief Executives Board for Coordination/High-Level Committee on Management
CEB/HR	United Nations System Chief Executives Board for Coordination/Human Resources Network
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UPU	Universal Postal Union

WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
UNWTO	World Tourism Organization

Glossary of technical terms

Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world are those given in this scale.
Broad banding	A method of providing greater flexibility to reward individual performance and contribution. The term describes the action of combining and replacing several classification levels by a single, broader classification level (called a "band"). A broad-banded system is characterized by a limited number of wider bands or ranges and a bigger salary overlap between bands.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The United States federal civil service has been used as the comparator since the inception of the United Nations. See also "Highest paid civil service" and "Noblemaire principle".
Competencies	A combination of skills, attributes and behaviours that are directly related to successful performance on the job. Core competencies are the skills, attributes and behaviours which are considered important for all staff of an organization, regardless of their function or level. For specific occupations, core competencies are supplemented by functional competencies related to respective areas of work.
Competency-related pay	A generic concept of paying employees for the development and application of essential skills, behaviours and actions which support high levels of individual, team and organizational performance (see also "Performance-related pay").
Consolidation of post adjustment	The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or "consolidating" it into the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment multiplier points at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff. This method of implementation, referred to as "no gain/no loss", results in no change in take-home pay for staff and produces no additional costs related to salary for the organizations.
Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington is applied to the comparator salaries to determine their "real value" in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.

Dependency rate salaries	Net salaries determined for staff with a primary dependant.
Employment cost index (ECI)	Under the Federal Employees' Pay Comparability Act (FEPCA) (see below), a wage index that measures the percentage change in the average non-federal sector payroll costs between two points in time is calculated. The index, known as ECI, is based on the measurement of payroll costs across the United States. ECI is used as the basis for an across-the-board adjustment to salaries of United States federal civil service employees. Under FEPCA, United States federal civil servants can also receive a locality-based adjustment.
Federal Employees' Pay Comparability Act	The Federal Employees' Pay Comparability Act (FEPCA) (1990), passed by the United States Congress whereby the pay of federal civil service employees would be brought to within 5 per cent of non-federal-sector comparator pay over a period of time.
Flemming principle	The basis used for the determination of conditions of service of the General Service and other locally recruited categories of staff. Under the application of the Flemming principle, General Service conditions of employment are based on best prevailing local conditions.
General Schedule	A 15-grade salary scale in the comparator (United States) civil service, covering the majority of employees.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Madrid, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are currently used for Berne.
Highest paid civil service	Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States. See also "Comparator" and "Noblemaire principle".
"H" duty stations under the mobility and hardship scheme	Headquarters locations and locations where there are no United Nations developmental or humanitarian activities or locations which are in countries which are members of the European Union.
Locality-based pay	Under FEPCA (see above), the United States Government has established approximately 30 separate locality pay areas. The locality-pay provision of FEPCA is based on average salary levels prevailing in the local labour market. For federal civil servants in a given locality, FEPCA provides for the payment of an ECI-based increase plus a locality-pay adjustment, if appropriate, for the period 1994-2002, with a view to ensuring that federal pay is brought to within 5 per cent of the non-federal pay for the locality.
Mobility and hardship allowance	A non-pensionable allowance designed to encourage mobility between duty stations and to compensate for service at difficult locations.

Net remuneration margin	The Commission regularly carries out comparisons of the net remuneration of the United Nations staff in grades P-1 to D-2 in New York with that of the United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington, is the net remuneration "margin".
Noblemaire principle	The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those applicable in the civil service of the country with the highest pay levels. See also "Comparator" and "Highest paid civil service".
Pensionable remuneration	The amount used to determine contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund (UNJSPF). Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Performance management	The process of optimizing performance at the level of the individual, team, unit, department and agency and linking it to organizational objectives. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations and human resources.
Performance-related pay	A generic concept involving a financial or financially measurable reward linked directly to individual, team or organizational performance, in the form of either base pay or a cash bonus payment. Terms used to describe different types of performance-related pay may vary. They include: Merit pay/performance-related pay/pay for performance/variable pay: these are tools tailored to relate individual base pay increases to individual results usually through a performance appraisal scheme and a performance rating. Lump-sum bonus: a non-recurring cash lump sum related to the results achieved by an individual, team and/or agency or to recognize an intensive effort over a specific time period. May be pensionable or non-pensionable.
Post adjustment index	Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date.
Post adjustment classification	Post adjustment classification is based on the cost of living index for each duty station and is expressed in terms of multiplier points. For example, staff members at a duty station classified at multiplier 5 would receive a post adjustment amount equivalent to 5 per cent of net base salary as a supplement to base pay.
Senior Executive Service (SES)	Officials of the comparator service in senior managerial positions are covered by provisions known as the Senior Executive Service Schedule.
Single rate salaries	Net salaries determined for staff without a primary dependant.

Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is a form of taxation, internal to the United Nations, and is analogous to taxes on salaries applicable in most countries.
Strategic bonuses	Recruitment, retention or relocation bonuses awarded to select staff or groups of staff, which are designed to attract potential staff, retain staff in service and relocate staff who, in the absence of such bonuses, could not be recruited, retained or relocated.
Tax abatement	In the context of dependency allowances, tax credit or relief provided to taxpayers who are responsible for the financial support of dependants (spouse, children, parents, etc.) in the tax systems of a number of countries.
Tax Equalization Fund	A fund maintained by, for example, the United Nations, that is used for reimbursing national taxes levied on United Nations income for some staff members.

Letter of transmittal

August 2006

Sir,

I have the honour to transmit herewith the thirty-second annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(Signed) Mohsen **Bel Hadj Amor**
Chairman

His Excellency
Mr. Kofi Annan
Secretary-General of the United Nations
New York

Summary of 2005-2006 recommendations of the International Civil Service Commission that call for decisions by the General Assembly and the legislative organs of the other participating organizations

In an effort to facilitate the anticipated simultaneous consideration by the General Assembly of the annual reports for 2005 and 2006 of the International Civil Service Commission, a complete list is provided below of the Commission's recommendations made during these two years that call for decisions by the General Assembly and the legislative organs of the other participating organizations. This list makes reference to pertinent paragraphs of the current 2006 as well as the 2005 annual report (A/60/30 and Corr.1). Thus, the present summary subsumes and/or supersedes, as appropriate, the summary issued in the 2005 annual report.

Paragraph reference		
2005 report	*2006 report*	*Subject*
		A. Conditions of service applicable to both categories
		1. Review of pay and benefits system
		(a) Modernizing and simplifying allowances
		(i) Mobility/hardship allowance, hazard pay and strategic bonuses
		The Commission recommends to the General Assembly:
108 (a) and Annex II		(a) To approve the proposed arrangements for mobility, hardship, non-removal and the assignment grant as set out in annex II of its 2005 annual report;
76-77 and Annex III		(b) To approve the definitions of the criteria for hazard pay, hardship and mobility;
	94 (b)	(c) To decide that the new arrangements be implemented as of 1 January 2007.
		(ii) Education grant: review of the methodology to determine the level of the grant
	63	The Commission recommends to the General Assembly that the eligibility period for the education grant should continue up to the end of the school year in which the child completes four years of post-secondary studies even if a degree has been attained after three years. Students would continue to be subject to the age limit of 25 years.
		2. Education grant: review of the level
	62 and Annex II	The Commission, inter alia, recommends to the General Assembly that, as of the school year in progress on 1 January 2007, the education grant maxima for six zones (Denmark, Ireland, Italy, Sweden, the United States of America and United States dollar area outside the United States) and the flat rates and additional flat rates for boarding for all zones should be adjusted; the separate zone for Norway

Paragraph reference		
2005 report	2006 report	Subject
		should be subsumed into the United States dollar area outside the United States; special measures should be maintained for China, Indonesia and the Russian Federation and be introduced with regard to designated English curriculum schools in France.
		3. Contractual arrangements
129 and Annex IV		The Commission reports to the General Assembly its decision to adopt the framework of guidelines for contractual arrangements as set out in annex IV to the 2005 annual report.
		4. Common scale of staff assessment
	70	The Commission decided to report to the General Assembly that the current common scale of staff assessment should continue to apply and be reviewed every five years or at the time of the comprehensive review of pensionable remuneration.
		B. Conditions of service of the Professional and higher categories
		1. Evolution of the United Nations/United States net remuneration margin
		The General Assembly may wish to take note of the following margin levels:
185 and Annex V		Calendar year 2005 — 111.3
	83 and Annex III	Calendar year 2006 — 114.0
		The Assembly's attention is also drawn to the fact that the five-year average margin level has not reached the desirable midpoint of 115 since 1997 and currently (years 2002-2006) stands at 111.3.
		2. Base/floor salary scale
193	93, 94 (a) and Annex IV	The Commission's 2006 base/floor recommendation reflects the movement of comparator net salaries for 2005 and 2006 and supersedes the 2005 recommendation. An adjustment of 4.57 per cent is thus recommended on the basis of the standard method of reducing post adjustment multiplier points and increasing base salary, i.e. on a no gain/no loss basis. The Commission recommends that the General Assembly approve, with effect from 1 January 2007, the revised base/floor salary scale, which would reflect the above adjustment.
		3. Survey and report of gender balance in the United Nations common system
	112	The Commission reports to the General Assembly that it reviewed the rate of advancement of women in the organizations of the United Nations common system for the period 1 January 2003 to 31 December 2004 and, inter alia, decided to urge the organizations to establish policies and strategies to achieve improved gender balance.

Paragraph reference		
2005 report	*2006 report*	*Subject*
		4. Children's and secondary dependant's allowances: review of the level
	126 and Annex V	The Commission recommends that the General Assembly approve, with effect from 1 January 2007, the revised amounts of children's and secondary dependant's allowances as indicated in annex V to its 2006 report.
		5. Identification of the highest paid national civil service
226	144, 156	The General Assembly may wish to take note of the Commission's decision to conclude its current Noblemaire study and to retain the current comparator.
		C. Conditions of service in the field
		1. Hazard pay: review of the level
147 and Annex III		The General Assembly may wish to take note of the Commission's decision to set the level of hazard pay for internationally recruited staff at $1,300 per month with effect from 1 January 2006, to retain the current level for locally recruited staff and to expand the criteria for payment.
		2. Entitlements of internationally recruited staff serving in non-family duty stations/Staffing of field missions
	181 and Annex VIII	The General Assembly may wish to take note of the Commission's decisions contained in paragraph 181 of its 2006 report which, inter alia, provide for the establishment of a working group with the terms of reference as set in annex VIII. The Commission also recommends to the General Assembly, as an interim measure, to allow maximum flexibility under the current contractual arrangements for staff in peacekeeping missions and, in particular, to: (a) remove the four-year limitation on 300 series appointments; (b) permit conversion to mission-specific 100 series contracts for staff members who have a minimum of four years of service, provided that their functions have been reviewed and found necessary and their performance has been confirmed as fully satisfactory; and (c) permit reassignment of 300 and 100 series mission-specific appointees to another mission in a similar capacity to meet the requirements of the Organization.
		3. Survey and report on the status of National Professional Officers
	197 (a) and Annex IX	The Commission reports to the General Assembly its decision to reaffirm the criteria set out in 1994 for the employment of National Professional Officers, updated to reflect the use of the new job evaluation system in the classification of positions in the category, as indicated in annex IX.

Summary of 2005-2006 recommendations of the International Civil Service Commission to the executive heads of the participating organizations

In an effort to facilitate the anticipated simultaneous consideration by the General Assembly of the ICSC annual reports for 2005 and 2006, a complete list is provided below of the Commission's recommendations made during those two years that are addressed to the executive heads of the participating organizations, with reference to pertinent paragraphs of the current 2006 as well as the 2005 annual report (A/60/30 and Corr.1). Thus, the present summary subsumes and/or supersedes, as appropriate, the summary issued in the 2005 annual report.

Paragraph reference		
2005 report	*2006 report*	*Subject*
		Conditions of service of the General Service and other locally recruited categories
		As part of its responsibilities under article 12, paragraph 1, of its statute, the International Civil Service Commission conducted surveys of best prevailing conditions of employment for:
254 and Annex IX		(a) The General Service and related categories of staff at Paris and recommended the resulting salary scale and dependency allowances to the Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the executive heads of other Paris-based organizations;
257 and Annex X		(b) The General Service and related categories at Montreal and recommended the resulting salary scale and dependency allowances to the Secretary-General of the International Civil Aviation Organization (ICAO) and the executive heads of other Montreal-based organizations;
	157 and Annex VI	(c) The General Service and related categories of staff at Rome and recommended the resulting salary scale and dependency allowances to the Director-General of the Food and Agriculture Organization of the United Nations (FAO) and the executive heads of other Rome-based organizations;
	162 and Annex VII	(d) The General Service and related categories at New York and recommended the resulting salary scales and dependency allowances to the Secretary-General of the United Nations and the executive heads of other New York-based organizations.

Summary of financial implications of the 2005-2006 decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

In an effort to facilitate the anticipated simultaneous consideration by the General Assembly of the annual reports of the International Civil Service Commission for 2005 and 2006, a complete list is provided below of the financial implications of the Commission's decisions and recommendations made during those two years for the United Nations and other participating organizations of the common system, with reference to pertinent paragraphs of the current 2006 as well as the 2005 annual report (A/60/30 and Corr.1). The present summary thus subsumes and/or supersedes, as appropriate, the summary issued in the 2005 annual report.

Paragraph reference		
2005 report	*2006 report*	*Subject*
		A. Conditions of service applicable to both categories
		Education grant: review of the level
	59	The financial implications associated with the recommendations of the Commission regarding the education grant are estimated at $2.2 million per annum, system-wide.
		B. Conditions of service of the Professional and higher categories
		1. Base/floor salary scale
	90-92	The financial implications associated with the Commission's 2006 base/floor recommendation are estimated at $0.8 million per annum, system-wide. This estimate supersedes the estimate reported under this item in the 2005 report.
		2. Cost-of-living surveys at headquarters duty stations
	129	The financial implications associated with the decision of the Commission regarding the implementation of the 2005 place-to-place surveys results for Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, D.C., were estimated at $19 million per annum.
		C. Conditions of service of the General Service and other locally recruited categories
		1. Survey of best prevailing conditions of employment at Paris
256		The financial implications associated with the implementation of the salary scale for the General Service and related categories as well as the revised rates of dependency allowances by the Paris-based common system organizations were estimated at $0.8 million per annum.

Paragraph reference		
2005 report	*2006 report*	*Subject*
		2. Survey of best prevailing conditions of employment at Montreal
259		The financial implications associated with the implementation of the salary scale for the General Service and related categories as well as the revised rates of dependency allowances by the Montreal-based common system organizations were estimated at $1.2 million per annum.
		3. Survey of best prevailing conditions of employment at Rome
	160	The financial implications associated with the implementation of the salary scale for the General Service and related categories as well as the revised rates of dependency allowances by the Rome-based common system organizations are estimated at $6.9 million per annum.
		4. Survey of best prevailing conditions of employment at New York
	165	The financial implications associated with the implementation of the salary scale for the General Service and related categories as well as the revised rates of dependency allowances by the New York-based common system organizations are estimated at $3.5 million per annum.
		D. Conditions of service in the field
		Hazard pay: review of the level
146		The financial implications of the Commission's decision to adjust the level of hazard pay for internationally recruited staff from US$ 1,000 to US$ 1,300 with effect from 1 January 2006 were estimated at US$ 17.3 million per annum on the basis of figures for July 2005

Chapter I
Organizational matters

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ..."

2. To date, 13 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances.[1] One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.[2]

B. Membership

3. The membership of the Commission for 2006 is as follows:

Chairman

Mohsen Bel Hadj Amor (Tunisia)*

Vice-Chairmen

Eugeniusz Wyzner (Poland)*
Fatih Bouayad-Agha (Algeria)**
Shamsher M. Chowdhury (Bangladesh)**
Minoru Endo (Japan)***
Lucretia Myers (United States of America)***
Emmanuel Oti Boateng (Ghana)*
José R. Sanchis Muñoz (Argentina)*
Wolfgang Stöckl (Germany)***
Anita Szlazak (Canada)*
Vladimir G. Titov (Russian Federation)** (Resigned)
Gian Luigi Valenza (Italy)***
Gilberto C. P. Velloso (Brazil)***
Xiaochu Wang (China)**
El Hassane Zahid (Morocco)**

* Term of office expires 31 December 2006.

** Term of office expires 31 December 2008.

*** Term of office expires 31 December 2009.

C. Sessions held by the Commission and questions examined

4. The Commission held two sessions in 2006, the sixty-second, which took place from 13 to 31 March at the headquarters of IAEA in Vienna, and the sixty-third, which took place from 10 to 28 July at United Nations Headquarters in New York.

5. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

D. Programme of work of the Commission for 2007-2008

6. The programme of work of the Commission for 2007-2008 is contained in annex I.

Chapter II

Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system

7. The Commission was informed that, although the General Assembly had deferred consideration of the Commission's 2005 annual report[3] — first, to the resumed part of its sixtieth session and eventually to its sixty-first session[4] — it had adopted resolution 60/248 on special subjects relating to the proposed programme budget for the biennium 2006-2007. In part XI of that resolution, relating to the administrative and financial implications of the decisions and recommendations contained in the report of ICSC for 2005, it had approved a new scale of staff assessment for Professional and higher categories with effect from 1 January 2006, as recommended by ICSC.

8. The Commission was also provided with information on resolutions and/or decisions adopted by the governing bodies of the organizations of the common system, which had a bearing on the programme of work of the Commission. In this connection, the resolutions/decisions of the General Assembly of the United Nations, the Conference of the Food and Agriculture Organization of the United Nations (FAO), the Council of the International Civil Aviation Organization (ICAO), the Council of Administration of the Universal Postal Union (UPU) and the Commission on Human Rights, were brought to the attention of the Commission.

Views of the organizations

9. The Human Resources Network noted that the General Assembly had not concluded its deliberations on the United Nations common system and had decided to defer a number of decisions on issues including the introduction of the new Mobility and Hardship Allowance scheme, which was of particular importance to the organizations.

10. The Network recalled that the proposal before the Assembly was for an implementation date of 1 July 2006, noting that in the informal discussions in the Fifth Committee of the General Assembly, a number of delegations had questioned the reason for delaying the implementation date to 1 July 2006. The Network considered it important to point out that the date of 1 July was not proposed in order to delay the implementation. Instead, this was the earliest possible date at which organizations could be ready to implement the new scheme. The Network referred to the lengthy debate at the Commission's session last summer, during which organizations had explained in detail their reasons for needing a period of six months between the decision of the General Assembly and the roll-out of the new scheme.

11. Reiterating those reasons, the representative of the Network informed the Commission that the change-over from an allowance scheme that was pegged to the base/floor salary scale to one that operated with a lump sum approach required organizations to make a host of changes to their IT systems. This was rendered more difficult by the fact that many organizations were currently in the process of introducing new Enterprise Resource Planning (ERP) systems. Organizations could not begin the change-over of systems until they knew that the Assembly had approved the package as proposed. Moreover, the question of acquired rights and of

harmonizing the organizations' approaches to the phasing-out of the old allowance scheme had to be examined, considering that some staff would get less than before under the new scheme and others would get more. Finally, the Network would need to inform and educate staff on the new package and have in place a detailed communication strategy, once the General Assembly had taken a decision. Given all the work to be done, the Network requested that, if the General Assembly were to approve the Mobility and Hardship Allowance scheme at its resumed session, the implementation date be shifted to 1 January 2007.

12. In addition to the implementation date, the issue of mobility payments for staff serving at "H" and "A" duty stations remained of great concern to the Network. It noted that there continued to be questions about the validity of a mobility allowance for staff assigned to H and A locations. The representative reminded the Commission that the Network had, on many occasions, explained at length that it was critical to distinguish between the hardship element — which reflected the degree of difficulty of a duty station — and the mobility element, which reflected the degree of mobility of a staff member. The latter had nothing to do with whether a staff member served in New York or Kabul, Dakar or Pyongyang. It only provided incentives to moving from one duty station to another, often six, seven and more times in a career. In this context, the representative referred to the statement by Executive Heads adopted by the United Nations System Chief Executives Board (CEB) in the fall of 2005.

13. The Network noted that the criteria for hazard pay had expanded to include life-threatening diseases to which medical personnel were directly exposed in the performance of their duties. It informed the Commission that, since the last session, a new and potentially devastating threat had emerged in full force — Avian Influenza, which carried with it the potential danger of a global human pandemic. Already, the United Nations system staff such as FAO specialist staff, who were not medical personnel, were at risk of being directly exposed to the Avian virus in the performance of their duties. The Network therefore requested that the definition be broadened to include also non-medical personnel.

Views of the staff representatives

14. The representative of FICSA took note of the fact that this was a report on the proceedings in the Fifth Committee of the General Assembly, as no resolution had been adopted. He expressed the hope that the General Assembly would soon conclude its deliberations and take a decision on the ICSC proposals with regard to these important items concerning the United Nations common system. FICSA looked forward in particular to the final decision on a reasonable implementation date for the mobility and hardship arrangements, to which such great efforts had been applied, and strongly supported the plans for developing a communications strategy to inform staff of changes in the mobility and hardship policies.

Discussion by the Commission

15. The Commission noted that consideration of the item had not yet been taken in the resumed session of the General Assembly. It noted further that, as the General Assembly had not yet passed any resolution or decision on its reports, this could have an impact on the Commission's programme of work.

16. The Commission took note of the resolutions and decisions adopted by the legislative and governing bodies of organizations of the common system. It was observed that there appeared to be a time lag in reporting the Commission's decisions and recommendations to the legislative bodies of the organizations and incorporating these decisions in the staff rules, resulting in the potential for retroactive implementation. ICAO was commended for introducing an official human resource strategy in response to issues raised through an employee satisfaction survey. Commission members considered it worthwhile to report resolutions and decisions of governing bodies and implementation of the decisions and recommendations of the Commission on the ICSC website, as a means of sharing information and providing a comprehensive picture of the impact of the work of the Commission.

Decisions of the Commission

17. The Commission decided to:

(a) Take note of the two reports;

(b) Make available on the ICSC website information concerning resolutions and decisions of governing bodies, and implementation by organizations of the Commission's recommendations and decisions.

Chapter III
Conditions of service applicable to both categories of staff

A. Review of the pay and benefits system

1. Monitoring of the pilot study of broad banding/pay-for-performance

18. ICSC reviewed the current status of the study on the basis of information provided by its secretariat, the five volunteer organizations participating in the study and the consultants assisting the secretariat and the volunteer organizations.

Presentations of the volunteer organizations

19. The representative of WFP informed the members of the Commission of progress made in the implementation of the pay-for-performance project regarding international Professional staff, including human resources staff at Headquarters and in the field, regional and country directors of regional bureaux and executive staff. The representative emphasized, in that regard, the need for continuous dialogue between managers and staff in order to deal with and resolve the key issues and challenges arising in the preliminary stages of the pay-for-performance process simulations.

20. In order to achieve the highlighted objectives, the representative recalled and strongly reaffirmed some of the decisions made by the Pilot Steering Committee underlying the project: (a) to disseminate aggregate performance appraisal ratings to promote greater managerial accountability; (b) to introduce job-level-differentiated competency assessment worksheets in order to help managers rate competencies in the performance appraisal system and to ensure better-structured performance appraisal dialogues and self-assessments between managers and staff; (c) to pursue opportunities for client feedback as a measure of team performance; and (d) to build an organizational culture.

21. Regarding career management, the WFP representative informed the members of the Commission that the first phase of the framework had just been finished. She assured the Commission that an interim report would be submitted to it with more details at the sixty-fifth session.

22. The representative of the International Centre for Theoretical Physics (ICTP) reaffirmed the commitment of that organization to fully implement the different stages of the pilot project. He recalled that, prior to having heard about the pilot study, the Centre had made proposals to UNESCO for a separate career path for scientists, whereby they could be promoted on the basis of scientific merit without taking administrative duties. He noted that the decision to join the pilot study of pay-for-performance was based on: (a) improving individual and organizational performance and motivation and sensitizing staff to institutional tasks; (b) ensuring transparent, fair and understandable arrangements; and (c) rationalizing promotion and job description procedures.

23. With regard to the implementation of the pilot project in the Centre, the representative recalled that all scientists and administrative Professional staff were involved in the study. He assured ICSC that the project was being implemented with a high level of transparency and collaboration among all participants. Lastly, he pointed out the various pending issues still to be handled during the next stage of

the project, particularly those relating to further development of the competency framework, and a self-assessment model and the improvement of the client feedback mechanism, with a focus on external clients.

24. The representative of UNDP informed the members of the Commission that an enhanced performance management system for the broad-banding pilot sites (results and competency assessment) had been launched in 2006 and synchronized with the launch of the new results and competency assessment system for UNDP as a whole. The main objective was to emphasize competency assessment, a learning compact for development, simplicity and increased accountability for supervisory and managerial responsibilities of managers when implementing performance management exercises.

25. He stressed that the achievement of the expected goals remained strongly linked to the commitment of all participants in the project to set up a communication strategy to ensure regular communication and a long-term partnership between the organization, staff representatives and the staff. He reaffirmed that UNDP, along with the other pilot agencies, depended on the leadership of ICSC in advancing the initiative across the common system, and valued highly the technical contributions made by its secretariat and consultants. He reiterated that his organization would benefit greatly from the additional coordination of a full-time ICSC project manager and the ongoing assistance of technical consultants.

26. He considered that it was strategically important that the pay-for-performance system be included in other instruments being tested to improve aspects of the conditions of service applicable to both categories of staff and particularly in the United Nations reform project. He also pointed out the urgent need for the implementation of monitoring mechanisms and safeguards to ensure better control of preliminary and final results.

27. Regarding the inclusion of General Service staff in the pilot project, the representative recalled that the UNDP decision to include them still stood, but within the current grade structure. UNDP considered the participation of General Service staff in the exercise critical to its success and looked forward to working with other participating agencies in the pilot project on best practices and lessons learned to ensure that the greatest care was devoted to the manner in which that category of staff was managed within the objectives and work of the project.

28. Lastly, he assured ICSC that, during the next stages, the results and competency assessment site would be further developed and improved on the basis of feedback and results. A new release was also expected by the end of 2006, which would include competency assessment and competency mapping for individuals. The third phase of results and competency assessment improvement, planned for mid-2007, was expected to reinforce the relevance of the evaluation methodology by integrating results and competencies into a final performance rating.

29. The representative of IFAD opened her presentation by noting that IFAD was testing model 1 of the pilot for Professional staff, with results weighted at 75 per cent. Regarding the new performance management system, she noted that it had been introduced in 2003 and mainstreamed into day-to-day management of the organization. In that regard, results showed that an improved performance management system that evaluated competencies had been achieved. She assured ICSC that it would be further improved in 2007, when key performance indicators

would be used at the individual level for all staff. She also stated that her organization was committed to continuing the enhancement of the performance management system through further internal training, and to developing and implementing mechanisms for client feedback in 2007.

30. Nevertheless, she reiterated that major issues were still pending, particularly those relating to poor performance management and lack of trust in the management of career and salary progression.

31. The representative of UNAIDS began by reaffirming the core objectives of the implementation of the pilot project at UNAIDS, which were: (a) engagement and participation of stakeholders in the design of the various components of the new system and (b) simplicity in order to enhance transparency and understanding. Understanding and support by all parties were paramount to avoid misuse or abuse in the operation of any system. She noted that one measure of success of this first test was the high completion rate of the performance evaluation process. During the same period, the two performance appraisal systems ran in parallel and, while nearly 80 per cent of reports were completed under the new human resources initiatives, only 6 per cent were completed under the existing process. The experience demonstrated that it is possible to establish a distinction between individual performance levels and to link measures of success with job values. Like in other organizations, concerns were being expressed in UNAIDS concerning the need to ensure accountability and further refinements in the language and the process were being planned.

32. The ICSC consultant assisting UNAIDS indicated that the study results included a rich database of over 2,000 comments from participants, supervisors and peer groups (inside and outside of UNAIDS), representing the worldwide duty stations of UNAIDS. He noted that these comments supported the approaches taken so far and the successful results achieved to date of the pilot study at UNAIDS. He again indicated that the next steps in the study included the completion of the competency module and the initiation of the development of the client feedback module to support the three key human resources initiatives of the ICSC pilot study.

Views of the organizations

33. The representative of the HR Network took note and expressed his appreciation of the progress made in the pilot study by the participating volunteer organizations and of the successes and challenges encountered in the piloting of their broad-banding projects. He noted that the Human Resources Network had had the opportunity to discuss several issues regarding the implementation of the pilot study with each of the organizations and recalled that, at the current stage, all the volunteer organizations participating in the study were at different levels of implementation. The sharing of information and experiences among those organizations was therefore useful and important. He recalled that different organizational cultures clearly had an effect on the way in which the pay-for-performance systems were implemented. The experience to date had confirmed the critical importance of having in place a very solid performance management system. The success of the exercise lay in the strength of the performance management system that underpinned it.

34. The representative of the HR Network strongly reaffirmed the importance of the Commission providing permanent assistance through a qualified project

manager, in order to improve the implementation of the pilot study and strengthen the capacity of organizations to reap the maximum benefit from their participation in the pilot study.

Views of the staff representatives

35. The representative of FICSA asked for confirmation that the three-year test period ran from the beginning of 2006 to the end of 2008 and agreed with the observation of the HR Network, in noting that the experiences of the volunteer organizations had predominantly focused on performance evaluation, rather than the actual broad-banding experience itself, which had not yet really been demonstrated. UNDP was asked whether bands had been determined for the General Service staff participating in the pilot in its Copenhagen office, and if General Service staff there were aware that they would not actually be considered for any increases in pay, given their involvement in only certain aspects of the study. The representative also asked whether the delay in starting the pilot at WFP would have an impact on completing the overall pilot study in 2008. For FICSA, it was clear that the experiences among the volunteer organizations differed, which called for more continuity and consistency as the various studies progressed. It was still not possible to predict the outcome. It was also asked whether the emphasis on recruiting the best staff and the need for staff to undertake continuous training and learning did not contradict the intention to limit top performance awards to only a small number of staff, in that the greater the encouragement for superior achievers, the greater the need to reward them. If so, it would have even greater budgetary implications.

36. The Chairperson of the UNDP/UNFPA/UNOPS Staff Council, speaking as a member of the FICSA delegation, concurred with the Director of the Office of Human Resources, UNDP, that the issue of the pilot study had been discussed with staff council representatives and that the dialogue around this subject was very open. However, some serious concerns were expressed regarding the implementation of broad banding/pay-for-performance. These concerns included whether there would be an effective mechanism to prevent abuse of this system, the career management framework adopted for determining progression through career bands, non-compliance, accountability, as well as the need to integrate this system into other new UNDP human resources instruments and the United Nations reforms in order to ensure harmonization and consistency. In closing the spokesperson called for a broadband and rank in person system that was both transparent and covered the corporate and individual interest — a precondition that was missing at present.

37. The representative of CCISUA welcomed the efforts made by the volunteer organizations to better implement the pilot project and to ensure a harmonized and equitable approach to the competency development and client feedback processes. It also welcomed the option adopted by many organizations to continuously improve their evaluation systems and to encourage their staff to participate in that process.

Discussion by the Commission

38. The Commission expressed its appreciation that all the representatives of the volunteer organizations had emphasized the importance of career management as a key variable to ensure broad acceptance of the project by staff and to allow more motivated, inspired and committed teamwork, leading to greater efficiency in programme operations.

39. The Commission reaffirmed the importance of applying a greater weight based on results achieved in terms of performance management, competency development and accountability. Several members requested that, for the next session, a thorough explanation be presented to the Commission concerning the job differentiation process contemplated in the context of the broad-banded structure. In addition, more information was requested on the different criteria adopted to select and establish the control group.

40. The Commission requested more information relating to the implementation of the pilot project and particularly those items relating to the framework[5] outlined by the Commission. One Commission member expressed the view that capacity should be developed internally rather than having to rely continually on consultancy expertise. Others expressed the view that, while the project development process continued, it was important to obtain the technical expertise of consultants who had the practical experience with the development and implementation of the human resources initiatives being tested.

41. Commission members debated the role of the new human resources structures being developed as opposed to the central goal of the pilot study, namely that of improving organizational efficiency and results achievement. Some members recalled that the criteria it had established at the commencement of the study[6] would be a key factor in linking the new human resources structures being developed to the goals established for the pilot study. The Commission considered, however, that a real assessment of that impact would be difficult at the current stage and would require a longer period of results assessment. Several members believed that, at the current stage, a preliminary assessment of the project could be undertaken.

42. Some members of the Commission expressed concerns regarding the rather small number of participants in some of the volunteer organizations. Others noted that even small populations could provide useful input when considering the implementation of the results of the study to the entire common system, which itself consists of a variety of small and large organizational structures.

Decision of the Commission

43. The Commission commended the volunteer organizations for the work done thus far on the pilot study. It decided to report to the General Assembly information on human resources initiatives being tested. The Commission requested that future progress reports address the manner in which each organization complied with the framework for an integrated human resources management.[7] Further, each organization should report on its workplan and provide information not only on progress but also on anticipated achievements.

B. Education grant: review of the level

44. In 1992, ICSC approved a methodology for the determination of the level of the education grant, which was subsequently endorsed by the General Assembly in section IV of its resolution 47/216 of 23 December 1992. In 1997, ICSC modified its previous methodology and those modifications were endorsed by the General Assembly in section III.A of its resolution 52/216 of 22 December 1997. For its consideration of the item, the Commission had before it a note by the HR Network on the education grant levels. Expenditure data on 13,053 claims for the academic

year 2004/05 had been analysed in the 17 individual countries/currency areas for which the education grant is administered.

Views of the organizations

45. In introducing the note, the representative of the HR Network indicated that, according to the database, the trigger of 5 per cent or more of the cases exceeding the current maximum admissible expenditure levels (five claims or more for areas with few education grant claims) had been reached in Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States dollar area in the United States of America and the United States dollar area outside the United States of America. She noted that, in general, the increases proposed by the Network corresponded with the increases required to reduce the number of claims exceeding the maximum admissible expenditure levels to less than 5 per cent. In a few cases, and consistent with the approaches applied in previous reviews, a pragmatic approach had been adopted to accommodate special situations or cost considerations. One such special situation was that of France, where expenditure incurred by staff for children attending English-speaking schools was far in excess of the maximum admissible expenditure level and placed those staff at an unjustifiable and extreme disadvantage vis-a-vis their colleagues whose children were attending comparable schools at other headquarters duty stations. The cost implications of the proposed increase were not significant as the absolute number of staff concerned was not high, but for those staff concerned, there were significant financial costs.

46. At designated duty stations where educational facilities were either not available or were deemed to be inadequate, boarding costs were reimbursed over and above the applicable education grant limit. At all other duty stations, reimbursement of boarding costs at the flat rate, when boarding was not provided by the educational institution or by a boarding institution certified by the school, was determined within the overall limit of the maximum admissible educational expenses. In accordance with the methodology, the normal flat rates for boarding and those for additional reimbursements at designated duty stations should be governed by the movement of the consumer price indices in between the biennial reviews. The analysis had shown that such an adjustment was required for all currency areas.

47. The representative of UNESCO recalled the increasing difficulties in France, where high tuition fees at English-speaking schools had resulted in significant out-of-pocket educational expenses for staff in France, expenses that were proportionally much higher than in most other locations. The situation was aggravating and it concerned international Professional staff at all levels. The staff concerned had only two choices: educational institutions outside of France or expensive English-speaking schools in France. While the financial hardship on staff of UNESCO was one major concern, the impact on the organization as a whole was another, since the current situation had created significant constraints to attracting and retaining qualified staff. For those reasons, the representative of UNESCO requested that the problem be addressed urgently in the interests of equity with other duty stations and urged the Commission to support the proposed new ceiling for the education grant in France. She noted that the cost implications of such an increase would be a minor factor for the organization but would go a long way towards

addressing the current anomalies and bringing equity to staff in Paris in relation to staff at other headquarters duty stations.

48. The representative of UNDP drew the Commission's attention to the situation in Oslo. The only international school in which international staff members enrolled their children had tuition fees well above the established ceiling for the education grant (NKr 138,000.00 compared with NKr 53,724.00) and had declined to offer any reduction in their rate to United Nations staff. Given the limited number of expatriate staff and dependent children at the duty station, the fact that there was only one international school at that location and the considerable differential between the current maximum and actual costs, ICSC was requested to waive exceptionally the five-claim requirement to trigger an adjustment, allowing a necessary and fair correction for staff at this duty station. He added that the staff in Oslo had submitted thorough documentation detailing expenses and the tuition policy. Given the small number of staff involved, the adjustment would not represent a significant overall increase in expenditure.

Views of the staff representatives

49. The representative of FICSA complimented the HR Network for the work done on the issue. The education grant encouraged staff to live outside their home country and provided some relief from the problems inherent in living in another country. FICSA was appreciative of the individual attention given to the unusual and unique circumstances cited by the HR Network. The Federation had been aware of the situation in Paris for a number of years and completely supported addressing the special problems which had only been compounded over time. It was important therefore that the realities of the situation in Paris be reflected. Although the percentage increase indicated appeared high, in reality it was not and, more importantly, it was warranted. Regarding the proposed increase for the United States of America, the representative of FICSA stated that, while understanding the need for pragmatism, the Federation would have preferred that the full, warranted increase were recommended, in particular since the costs driving the proposal were based on secondary education and the university situation had not even been touched upon. FICSA found the proposals regarding boarding costs to be reasonable and valid, noting that they were linked to the consumer price index.

50. The representative of CCISUA expressed thanks to the HR Network for the note and supported the conclusions contained therein. Speaking from personal experience, he stated that the concerns of UNESCO staff were legitimate and needed to be addressed. He also pointed to the need to ensure proper education for the children of staff of the United Nations system.

Discussion by the Commission

51. In addressing the proposals of the HR Network, the Commission reviewed both the movement of school fees and the percentages of claims over the maximum admissible expenses. Since expenses and fees did not increase by the same amount, judgement was required in the final determination of the level of the maximum allowable expenses. While advocating a pragmatic and reasonable approach towards assessing those factors, the Commission noted that, in the past several reviews, the grant ceilings had been adjusted almost exclusively on the basis of the percentage of claims above the maximums. The Commission concluded that the trigger for fee

movement in the methodology had not been entirely taken into account in the last three reviews. Therefore, the Commission was of the view that some of the proposals before it needed to be revised.

52. A proposal was made that the 5 per cent threshold for the school fee movement should be measured in a cumulative manner. The Commission was of the view that this was a change in the methodology and should be considered at the time of the review of the methodology.

53. Turning to the specific countries/currency areas, the Commission noted that the 5 per cent fee movement trigger had not been reached in six of the zones in which more than 5 per cent of the claims were above the maximum admissible levels, namely, Austria, Belgium, France, Germany, Switzerland and the United Kingdom. While recognizing the need to address the case of France separately, the Commission agreed that the other five countries in that group fell short of meeting the methodology adjustment requirements.

54. In addition, questions were raised about the justification provided for some of the other proposed adjustments which substantially differed from the levels that were technically required. This applied in particular to the United States dollar area inside the United States, for which the proposal was slightly above one half of that necessary to have less than 5 per cent of the claims exceeding the maximum admissible expenses. Some members were of the view that cost considerations should not jeopardize the need to ensure fair and equitable treatment of staff at different common system locations. Most members, however, were inclined to accept the remaining adjustment proposals as a reasonable and pragmatic compromise package.

55. With regard to the proposals regarding boarding costs, the Commission noted that, in accordance with the methodology, the flat rate for boarding and the additional flat rate for boarding had been updated by the movements of the consumer price index between the date of the most recent adjustment and the date of the current review.

56. The Commission was sympathetic to the difficulties faced by the staff of UNESCO and UNDP in France and Norway, and was of the view that remedial action needed to be taken. Given the very small number of staff claims in the Oslo area, the Commission considered it impractical to continue to maintain Norway as a separate zone for purposes of administration of the education grant. The preferred solution was, therefore, to include Norway in the United States dollar area outside the United States. The higher ceiling in that zone would allow the Norway issue to be resolved without introducing exceptions in the grant methodology.

57. While recognizing that there was a strong case for special measures to be taken in regard to the situation in France, the Commission considered that focused relief should be provided to the staff specifically affected. In that context, the majority of members were of the view that the best solution would be to focus only on a selected group of schools at which the tuition levels were well above the established maximum for France. Following consultations with UNESCO, six such schools were identified.

58. The Commission then considered whether there was a need to maintain the special measures in place in four countries in the United States dollar area outside the United States. Based on the information provided, it concluded that in three of

the countries, China, Indonesia and the Russian Federation, up to 40 per cent of claims continued to remain above the normal ceiling level, while in the fourth country, Romania, none of the claims remained above the maximum. It therefore agreed that the special measure for Romania could be discontinued. The Commission requested the organizations to monitor the situation in regard to the special measures and to provide it with comprehensive information on that issue during each of the education grant level reviews.

59. The Commission noted that the system-wide cost implications of the proposed increases in the maximum admissible expenditure levels were estimated at $2.2 million per annum.

60. Finally, when discussing the issues of the education grant methodology, the Commission was seized with the matter of whether it was advisable to extend reimbursement under the education grant scheme to the fifth year of post-secondary studies, and noted the sweeping reform of the educational system in European countries started by the 1999 Bologna Declaration. In that context, several members favoured the extension of the reimbursement period to capture the current global, as well as European, trends concerning post-secondary education coverage. Other members were of the view that the proposed extension of grant eligibility was excessive considering the originally intended coverage of the education grant and the fact that the Bologna process was far from being fully implemented. The view was expressed that the cost of the extension, which, even according to a conservative estimate, appeared significant, should not be ignored. It was recalled that recent studies, both in ICSC and the United States, had concluded that the overall costs of the current education subsidy schemes in the common system and the comparator were broadly the same. Thus, increasing the cost of the scheme for the common system did not appear justified. However, one member of the Commission was of the view that the Commission should study in the near future the appropriateness of increasing to five years the eligibility of post-secondary education expense reimbursement.

61. It was recognized by all, however, that the introduction of a new, lower-level first degree in many European countries would have the side effect of reducing the expense reimbursement period for European students from four to three years, and that such an effect was not advisable. Members agreed, therefore, that the present eligibility formula should be revised so that the reference to the award of the first recognized degree would be dropped. At the same time, the age limit of 25 years should be maintained. Such a measure would help to avoid penalizing European students without expanding the reimbursement period to the fifth post-secondary year.

Decision of the Commission

62. The Commission decided to recommend to the General Assembly that:

(a) In Denmark, Ireland, Italy, Sweden, the United States of America and the United States dollar area outside the United States, the maximum admissible expenses and the maximum education grant should be set as shown in annex II, table 1, to the present report;

(b) The maximum admissible expenses and the maximum education grant should remain at the current levels for Austria, Belgium, Finland, France (subject to

subpara. (d) below), Germany, Japan, the Netherlands, Spain, Switzerland and the United Kingdom, as shown in annex II, table 2, to the present report;

(c) The separate zone of Norway should be discontinued and the education claims for that country included in the United States dollar area outside the United States;

(d) A separate maximum admissible expense level equal to that applicable to the United States of America should be established for the following schools in France:

(i) American School of Paris;

(ii) British School of Paris;

(iii) International School of Paris;

(iv) American University of Paris;

(v) Marymount School of Paris;

(vi) European Management School of Lyon;

(e) The flat rates for boarding should be taken into account within the maximum admissible educational expenses and the additional amounts for reimbursement of boarding costs over and above the maximum grant payable to staff members at designated duty stations should be revised as shown in annex II, table 3, to the present report;

(f) The amount of the special education grant for each disabled child should be equal to 100 per cent of the revised amounts of the maximum allowable expenses for the regular grant;

(g) Special measures should be maintained for China, Indonesia and the Russian Federation, which would allow organizations to reimburse 75 per cent of actual expenses up to and not exceeding the level of the maximum admissible expenses in force for the United States dollar area inside the United States of America;

(h) All of the above measures should be applicable as from the school year in progress on 1 January 2007.

63. The Commission also decided to recommend to the General Assembly that the eligibility period for the education grant should continue up to the end of the school year in which the child completes four years of post-secondary studies even if a degree had been attained after three years and students would continue to be subject to the age limit of 25 years.

C. Common scale of staff assessment

64. In 1996 ICSC, in close cooperation with the UNJSPB, recommended a common scale of staff assessment for the Professional and higher categories and the General Service and related categories for determining the pensionable remuneration levels of both categories. The General Assembly, in its resolution 51/216, approved the recommended scale with effect from 1 January 1997. At that time, UNJSPB recommended, and the Commission agreed, that the scale should be

updated, as necessary, every two years, based on changes in average taxes at seven headquarters duty stations. Following the conversion of the UNWTO into a specialized agency at the end of 2003, the Commission, at its fifty-eighth session, decided that tax data relevant to Madrid should be included in the calculations of the common scale of staff assessment and in the biennial calculations to update the scale. The Assembly took note of that decision in its resolution 59/268.

65. At its sixty-second session, the Commission examined the changes made in taxes at the eight headquarters duty stations concerned since the last time it considered this item. The data showed that average taxes had increased or decreased minimally at the relevant income levels between 2003 and 2005.

Views of the organizations

66. The representative of the HR Network supported the recommendation of the ICSC secretariat that the current common scale of staff assessment should continue to apply and that it should be reviewed in two years' time or at the time of the next comprehensive review of pensionable remuneration, whichever comes first.

Views of the staff representatives

67. The representatives of FICSA and CCISUA supported the continued use of the current common scale of staff assessment until the next review.

Discussion by the Commission

68. The Commission noted that the current updating of the tax information, which served as the basis for the common scale, had shown minimal changes since it had been effected in 1997. Some members questioned whether the small movements over the years would justify a change in the common scale of staff assessment. It was pointed out that the total change between 1997 and 2006 did not justify a change in the scale. It was agreed that this was an issue for consideration at the time of the next comprehensive review of the methodology.

69. The Commission also was of the view that, over the years, the updating of the tax rates had shown such minimal changes that it would be preferable to review them in five years' time or at the time of the next comprehensive review of pensionable remuneration, whichever was first.

Decision of the Commission

70. The Commission decided to report to the General Assembly that the current common scale of staff assessment should continue to apply and indicated its intent to review the scale every five years or at the time of the next comprehensive review of pensionable remuneration, whichever was first.

Chapter IV
Conditions of service of the Professional and higher categories

A. Evolution of the United Nations/United States net remuneration margin

71. Under a standing mandate assigned to it by the General Assembly, the Commission continued to review the relationship between the net remuneration of United Nations staff in the Professional and higher categories in New York and that of United States federal civil service employees in comparable positions in Washington, D.C. (hereinafter referred to as "the margin").

72. The Commission was informed that the net remuneration margin for 2006 was estimated at 114.0 on the basis of the approved methodology and existing grade equivalencies between United Nations and United States officials in comparable positions.

73. The Commission was also informed that the average margin level for the past five years had remained below the desirable midpoint of 115 and stood at 111.3.

Views of the organizations

74. The representative of the HR Network noted that the average margin level for the past five years had remained consistently below 115 and was currently standing at 111.3. The Network therefore requested the Commission to recommend to the General Assembly a real salary adjustment in order to restore the margin to the desirable midpoint. This request was not merely one for a salary increase but, more importantly, for adherence to the current methodology. If the methodology were not applied at the present stage, thereby allowing further erosion of the Noblemaire principle, it should not be continued to be called a methodology.

75. The representative of UNESCO indicated that organizations were increasingly faced with problems in recruiting qualified staff and, as a result, had to hire staff at starting levels higher than step 1. Also, the Professional pay dynamics compared unfavourably with those of the General Service staff, which she considered a demotivating factor for the former and one that needed to be addressed. The representative of FAO added that attrition levels at his organization were high, with staff moving to other international organizations and to the private sector. It was becoming more difficult to find qualified candidates, especially at the higher levels. The representative of WHO confirmed that there were growing problems in relation to hiring medical doctors from various countries. He believed that the Commission should signal to the General Assembly in a more forceful way the need to uphold the methodology that the Assembly itself had approved. The representative of WIPO called upon the Commission to respect its own methodology and to recommend measures to bring the average of the margin to the desirable midpoint of 115.

Views of the staff representatives

76. The representative of FICSA supported the statement made by the representative of the HR Network. Deep concern was expressed that the margin had stayed below 115 for a long time and therefore action was necessary to address that

situation. The fact that the midpoint was desirable rather than mandatory did not justify its being completely ignored. The representative of CCISUA supported the FICSA statement.

Discussion by the Commission

77. The Commission noted that that annual margin level, while still below the desirable midpoint, had increased since the previous year by 2.9 percentage points — from 111.1 in 2005 to 114.0 in 2006. This was primarily due to a decrease in the New York/Washington cost-of-living differential, as evidenced by the study recently carried out by the ICSC consultant. The trend of a narrowing cost-of-living differential between New York and Washington, D.C., was confirmed by other sources, both external and internal. It was recalled that the New York/Washington, D.C., difference used for purposes of post adjustment was 113 and that the Commission had requested ACPAQ to address this issue at its next session.

78. Several members viewed the increase in the margin level as a positive development that brought the United Nations pay levels closer to the midpoint of the range. Those members stressed that some issues raised by the organizations might not necessarily be relevant to the margin measurement. It was recalled that, in accordance with the Noblemaire principle, the margin was intended to compare the United Nations pay levels with those of the comparator national civil service and was not designed to focus on differences between the United Nations system on the one hand, and other international organizations or private enterprises on the other.

79. The Commission had in the past proposed measures to address problems relating to recruitment to specific occupations, in particular, by inviting the organizations to explore special occupational or market-based rates, and it was not ruled out that those issues might be revisited in the future. It was reiterated in that context that, to ensure meaningful consideration by the Commission of those issues, the recruitment and retention difficulties encountered by organizations should be fully documented and presented to the Commission in a timely and comprehensive manner.

80. Different views were expressed with regard to the margin averaging. Some members were of the view that it was the Commission's duty, in accordance with its mandate, to monitor and report on the five-year average level of the margin and to recommend adjustment when that level was not around the 115 midpoint. The fact that the margin had been consistently below the midpoint since 1998 justified a recommendation for such action to be taken to the General Assembly.

81. Other members pointed out that the midpoint was a desirable rather than mandatory level and that the margin, whether for a specific year or over a certain period of time, did not have to be exactly at the midpoint. It should be allowed to fluctuate within the range of 110 to 120. Considering the present upward trend of the margin and its current level, those members did not deem it necessary for the Commission to recommend a change at the present stage. While the Assembly had given the Commission clear instructions to act when the margin rose above 120 or fell below 110, no action was required when it remained within the established range.

82. The Commission discussed a two-year reporting cycle with respect to the margin's evolution. Such a cycle could help streamline the Commission's agenda

and reduce paperwork without affecting the timeliness of reporting. The Commission, however, recalled that the General Assembly, when biennializing its programme of work, had specifically requested the Commission to report on the margin on an annual basis. Therefore the Commission concluded that it should continue to report on the margin annually.

Decision of the Commission

83. The Commission decided to inform the General Assembly that the forecast of the margin between the net remuneration of United Nations staff in grades P-1 to D-2 in New York and that of the United States federal civil service in Washington, D.C., for the period from 1 January to 31 December 2006 was 114.0. It decided to draw the attention of the General Assembly to the fact that the margin had not reached the level of the desirable midpoint of 115 since 1997 and that its average level for the past five years stood at 111.3. Details of the margin calculation are contained in annex III to the present report.

B. Base/floor salary scale

84. The concept of the base/floor salary scale was introduced, with effect from 1 July 1990, by the General Assembly in section I.H of its resolution 44/198 of 21 December 1989. The scale is set by reference to the General Schedule salary scale of the comparator civil service. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials at the midpoint of the scale (P-4, step VI, at the dependency rate) with the corresponding salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively).

85. ICSC was informed that, in view of the movement of the federal civil service salaries in the United States of America since 1 January 2005 — the date of the latest revision of the base/floor scale by the General Assembly — a 4.57 per cent adjustment was required for the United Nations common system base/floor scale. The adjustment would be necessary in January 2007 in order to maintain the base/floor scale in line with the comparator's General Schedule base scale. The proposed increase of 4.57 per cent included the increase proposed but not yet approved by the Assembly for 1 January 2006. Thus, it took account of the relative movement over two years of net salaries in the comparator.

Views of the organizations

86. The HR Network supported the proposal to adjust the base/floor salary scale on a no-loss/no-gain basis by consolidating 4.57 per cent of the post adjustment into the scale.

Views of the staff representatives

87. The representatives of CCISUA and FICSA supported the 4.57 per cent base/floor salary scale adjustment proposal.

Discussion by the Commission

88. The Commission noted that the General Assembly had deferred consideration of the 2005 ICSC annual report,[8] which, inter alia, contained a recommendation on the adjustment of base/floor salary scale with effect from 1 January 2006. In view of the Assembly's intention to consider the 2005 and 2006 annual reports simultaneously at its sixty-first session, the Commission considered it advisable to combine its recommendations for those years in order to save the Assembly's time and avoid confusion. Its recommendation (see para. 94 below) should therefore be viewed as a combination of its 2005 and 2006 base/floor proposals, which reflects a two-year movement of the comparator net salaries. The consolidated recommendation of 4.57 per cent, which includes the proposed increase recommended in the 2005 annual report, would take effect as from 1 January 2007.

89. In accordance with the above approach, the Commission noted that the cumulative effect of the two-year movement of the United States federal civil service net salaries, which have not yet been reflected in the United Nations base/floor salary levels, was that the comparator reference salary ($73,621) was 4.57 per cent above that of a P-4/VI staff member of the United Nations ($70,406). In order to keep pace with the comparator salary levels, a corresponding adjustment would thus be required in the base/floor salary scale. The increase would be implemented by means of the standard method of reducing post adjustment multiplier points and increasing base salary. This method of implementation results in no change in take-home pay for staff and produces no additional costs related to salary for the organizations.

90. The Commission recalled that in its 2005 annual report it had recommended to the General Assembly new arrangements for the mobility and hardship scheme that de-linked payments under the scheme from the base/floor salary scale. While the new scheme had been proposed to be implemented as from 1 July 2006, the mobility and hardship payments had been expected to remain linked to the base/floor scale in the first half of the year. Thus, financial implications under the old linked-payment scheme ($2.38 million on an annualized basis) had been anticipated and reported by the Commission to the Assembly in expectation of an increase in the scale effective 1 January 2006. Because no such increase had been made, no additional costs had been incurred for the mobility and hardship or separation payments during that year. The Commission now proposed that the base/floor increase and the new mobility and hardship scheme be implemented simultaneously as from 1 January 2007. Since mobility and hardship payments would no longer be linked to the base/floor salary scale, there would be no resulting financial implications.

91. The Commission noted that the estimated financial impact for separation payments during 2007 was larger than the typical estimated amount. This was due to the fact that the estimate did recognize a higher than typical base/floor increase, which reflected a two-year movement of the comparator. Since the base/floor salary scale had not been adjusted on 1 January 2006, the estimated increases in the mobility and hardship scheme and the separation payments that appeared in the 2005 annual report did not occur.

92. Thus, the adjustment of the base/floor salary scale through the usual method would have the following estimated annual financial implications:

	United States dollars
(a) For duty stations with low post adjustment that would otherwise fall below the level of the new base/floor	0
(b) In respect of the mobility/hardship allowance[a]	0
(c) In respect of the scale of separation payments	808 800
Total annual financial implications	**808 800**

[a] As the new mobility and hardship scheme would de-link from the base/floor salary scale, should the General Assembly approve the new arrangements, this item will no longer be included in future calculations.

Decision of the Commission

93. The Commission decided to inform the General Assembly that its present recommendation superseded its 2005 base/floor recommendation, which had not been acted on by the Assembly and reflected the movement of comparator net salaries in the two-year period 2005-2006.

94. In that context, the Commission decided to recommend to the General Assembly that:

(a) The current base/floor salary scale for the Professional and higher categories be increased by 4.57 per cent through the standard consolidation procedures on the basis of the standard method of reducing post adjustment multiplier points and increasing base salary, i.e. on a no loss/no gain basis, with effect from 1 January 2007;

(b) The new arrangements for the mobility and hardship scheme, as recommended to the Assembly,[9] be introduced concurrently with the adjustment of the base/floor salary scale, that is, as from 1 January 2007.

95. The proposed base/floor salary scale resulting from the adjustment referred to in paragraph 94 (a) above is shown in annex IV to the present report.

C. Survey and report on gender balance in the United Nations common system

96. Under its mandate from the General Assembly to periodically review the representation of women in the organizations of the United Nations common system, the Commission requested its secretariat to report on the latest progress, including information on the representation of women by region as well as on organizations' gender plans and their development, implementation and effectiveness.[10]

97. The report presented by the secretariat included staffing data on current composition, recruitment, promotion and separation by gender and level, as well as data on distribution of staff by gender and region. The scope of the survey extended to international staff holding an appointment of one year or more at the Professional and higher levels in the organizations of the United Nations common system during the monitoring cycle from 1 January 2003 to 31 December 2004. In addition, the report analysed available gender-sensitive policies and measures for recruitment,

promotion, retention (work/life policies), gender awareness, including policies on harassment, and monitoring and accountability that support a work environment conducive to achieving gender balance in the organizations. The report also provided information on gender targets, progress towards reaching those targets, focal points and women's groups based on information from the organizations.

Views of the organizations

98. The HR Network representative thanked the Commission secretariat for the report. The organizations wished to highlight the importance they attached to the issue of gender balance. The Network was pleased that the Commission was focusing on the issue, as the Commission played a key role in supporting the organizations' efforts with regard to gender balance. The representative also informed the Commission that the Network was organizing a special session on gender, to be held later in 2006.

99. The representative noted that statistics indicated that progress with regard to gender balance was unsatisfactory in some cases. It was important to think out of the box and to learn from organizations that had been more successful. While affirmative action was not advocated, more would need to be done in the areas of recruitment, promotion and particularly retention. It was important to establish a comprehensive framework of solutions that addressed not only individual areas such as recruitment and promotion but also took into account others such as work/life policies, incentive systems, including incentives for women to go to crisis countries, and stronger accountability systems. Gender balance was not merely a human resources responsibility but a responsibility that needed to be shared with line managers.

100. The representative of UNICEF informed the Commission that a Special Adviser on gender issues had recently been appointed in that organization with a direct reporting relationship to the Executive Director. During the debate, the UNICEF Special Adviser on gender issues stressed the point that the goal of gender balance was not a human resources issue or women's issue, but an important issue that would bring diversity to the workplace and improve the productivity of the Organization. She spoke about upcoming retirements, noting that one third of those to retire would be women. To replace them would be a great challenge to the organization, and she underscored the need for a sufficient pool of qualified women to meet the demand.

Views of the staff representatives

101. The representative of FICSA commended the Commission secretariat for its very exhaustive report and excellent attempt to understand and describe the issues at hand. Regarding the point that the retention of women needed to be addressed, FICSA added that the provision of exit interviews was one critical and highly useful way of capturing the reasons why staff members (both men and women) leave an organization. At present such interviews were either not conducted at all or were not adequately carried out. The report referred in particular to problems of retaining women in Professional grades, and FICSA considered that it would be interesting to know why this was the case. FICSA agreed with the HR Network that this was not just a human resources issue but also an organizational one. Although one always

had to be careful in using figures to judge gender balance, it was nevertheless clear that the trend had not been very positive.

102. The representative of CCISUA endorsed the statements by the HR Network and FICSA. He noted that the progress made so far to achieve gender balance in the organizations of the United Nations common system remained unsatisfactory. Furthermore, the low percentage of women from certain regions or groups of countries in the common system was cause for concern. CCISUA appealed to the United Nations and all organizations to enhance their policies and strategies to achieve their targets of gender balance and parity.

Discussion by the Commission

103. The Commission expressed its appreciation for the document submitted by its secretariat, noting that it covered a wide range of useful information on gender balance and related policies in the organizations. However, it was disappointed at the overall progress made with regard to the representation of women in the organizations of the United Nations common system, and in particular the significant underrepresentation at the senior levels.

104. The Commission noted that a number of organizations had designated focal points to provide leadership for gender issues while other organizations had not yet done so. The Commission recognized the importance of designating these focal points for gender issues at a senior level to take the needed leadership role in advocating and promoting gender balance as well as in formulating appropriate gender plans and strategies for the recruitment, promotion and retention of qualified women.

105. Further, the Commission noted with concern that a number of organizations had not taken a gender perspective into account in establishing their recruitment policies. The primary strategy in achieving gender balance was to develop appropriate recruitment strategies and to set realistic and achievable gender targets within a specific time frame. The members of the Commission noted that special measures continued to exist in some organizations and considered that the special measures required for achieving gender balance should be incorporated in the human resources management policies of the organizations as regular measures in order to bring about diversity in the workforce by integrating a gender perspective in all human resources policies in all areas, including selection, recruitment, promotion, retention (work/life policies), gender awareness, and monitoring and accountability.

106. The Commission also highlighted the importance of establishing appropriate accountability and monitoring systems in the organizations, in particular to hold managers accountable to the organization for achieving set gender targets and goals through an effective performance appraisal system. The necessity of annually reviewing progress and updating annual gender targets was also emphasized during the debate.

107. The Commission considered the vital role of work/life policies in attracting and retaining high-quality female staff in the organizations and stressed the need for the organizations to focus on formulating strategies for retaining women, in particular at the mid-level grades, where there was a tendency to leave the organizations because of childcare demands and other family reasons. The

Commission also recognized the need for more detailed analysis by the organizations in order to assess the pattern of separations and to determine the root causes for the increasing trend. This would greatly assist in formulating appropriate work/life policies for improved retention of women in the organizations of the common system.

108. With regard to the distribution of women by region of origin, the Commission noted with concern the sharp decrease in the proportion of women from two regions within the total population of women in the United Nations common system, i.e., Asia and the Pacific and Latin America. The same pattern of decrease was registered in the total number of staff (both men and women) from those two regions in the reporting period. In that regard, the Commission also noted that the slow progress in the United Nations common system towards achieving gender balance was not consistent with the general trends seen in some regions, where the rates of progress were significantly higher.

109. Some members held the view that there should be more cooperation from the Member States, non-governmental organizations and other outside networks in identifying qualified women, especially for posts at very high levels, such as Assistant Secretary-General, Under-Secretary-General and executive heads of organizations.

110. In response to the proposal to adopt a four-year monitoring cycle, the Commission, considering the importance of regular monitoring of gender balance, was in favour of retaining the current two-year cycle for monitoring future progress.

111. The Commission was of the view that the current system of regional groupings did not reflect a meaningful and precise picture of staffing profiles by region of origin, as it was based on the traditional regional groupings that had been used by the General Assembly until 1998, in which the Caribbean countries were grouped with North America. Therefore, the Commission's consensus was to separate the Caribbean from North America to permit a more practical assessment of staffing profiles in future reports. It was generally agreed that countries should be grouped in line with the current system used for election purposes in the General Assembly, i.e., in five groups: African States, Asian States, Eastern European States, Latin American and Caribbean States and Western European and other States. However, it also emphasized the need for retaining the baseline data on staffing profiles by region of origin for future analysis purposes.

Decisions of the Commission

112. The Commission decided to:

(a) Take note of information provided with regard to the representation of women in the Professional and higher categories in the organizations of the United Nations common system and express its disappointment at the insufficient progress made, in particular at the senior level, where women continued to be significantly underrepresented;

(b) Urge the organizations that have not yet done so to designate a senior-level focal point for gender issues to provide leadership in formulating appropriate plans and strategies for achieving gender balance, including responsive workforce and succession planning to cater for retirements;

(c) Urge those organizations that have not yet done so to set realistic annual gender goals for their organizations and to conduct annual reviews to assess progress towards those goals;

(d) Encourage the organizations to hold managers accountable through their annual performance appraisal for achieving established gender goals;

(e) Encourage organizations to focus on strategies for retaining women at mid-level Professional grades;

(f) Continue to monitor future progress in achieving gender balance in the organizations of the United Nations common system every two years and request its secretariat to provide a report on this issue at its sixty-seventh session (July 2008);

(g) Request its secretariat to regroup regions and subregions in line with the current groups used for election purposes in the General Assembly.

D. Children's and secondary dependant's allowances: review of the level

113. In accordance with earlier decisions of ICSC and the General Assembly, the levels of the children's and secondary dependant's allowances were determined on the basis of the value of tax abatements and social legislation payments in the countries of the eight headquarters duty stations and were reviewed every two years. For the 2006 review of the level of the allowances, the Commission had before it data on the changes in tax abatements and social legislation payments, which had occurred in the eight headquarters duty stations since the previous review in 2004.

114. The Commission was also informed that the current methodology of adjusting the levels of dependency allowances did not seem to reflect fully and accurately overall trends in national tax and social security child-related relief, which it was supposed to gauge. In particular, the data collected had shown a general upward trend in the levels of dependant-related assistance, with six out of eight headquarters countries registering a positive change, one (Spain) remaining unchanged and one (Italy) experiencing a negative change, significant in percentage terms but not as much so in absolute figures. The current application of the methodology would, however, result in a need for an overall negative adjustment of the dependent child allowance. This was explained by the fact that the final adjustment percentage reflected only relative changes in national child benefit levels over time without any reference to the absolute levels of these benefits. In this connection, a modified approach to measuring these changes was proposed to the Commission by its secretariat. Under this modified approach, the adjustment level would be determined in reference to the overall remuneration levels, rather than the percentage movement of national children's benefits alone.

Views of the organizations

115. The representative of the HR Network believed that the time had come to review not only the level of the children's and secondary dependant's allowances, but also the methodology for calculating them. That methodology seemed overly complex and not in line with the move towards simplification and streamlining that has characterized the calculation and determination of other benefits and allowances. Moreover, as the secretariat had discovered, it had a flaw that needed to

be addressed. The Network therefore proposed that the secretariat review the methodology with a view to simplifying it.

116. The Network representative supported the modified approach to adjusting the dependency allowances, under which the children's and related allowances would be maintained at their current levels. While she did not believe that this approach was the best one in the long run, the current approach would require organizations to "grandfather" staff eligible for allowances in the current system, which in turn would present significant administrative difficulties. The time and costs involved in a grandfathering exercise would not seem commensurate with the level of the allowances. Therefore, the modified approach was the only practical and feasible one for the HR Network members.

117. As an alternative, the HR Network would not object to postponing by one year the adjustment of the levels of the dependency allowances until the methodology for determining their levels was revisited.

118. The representative of FAO pointed out that, according to the data provided, the methodology clearly fell short of meeting its objective of following the outside trends in national tax and social security legislation pertaining to dependants-related assistance. Therefore, he believed that a corrective action in that regard was justified. He also confirmed that operating a two-track system, if the Commission were to maintain the present approach, would be problematic administratively and would not be advisable, considering the scope of the changes.

Views of the staff representatives

119. The representative of FICSA noted the apparent flaw in the methodology and believed that action needed to be taken to resolve the problem. He was in favour of a complete review and simplification of the methodology. He considered that, in the meantime, the modified approach, as proposed by the secretariat, should be applied in order to reflect the actual situation, which the current approach failed to do.

Discussion by the Commission

120. The Commission recalled that it had conducted a review of the dependency allowances methodology at its sixtieth session in 2005, at which time ICSC and all its interlocutors had endorsed the conclusion that, over the years, the current system had functioned to the satisfaction of all parties. The Commission was informed that the flaw uncovered in the present exercise had been dormant in previous reviews, with slight and gradual progression of individual benefit levels. It only became obvious in the present review after a drastic negative change in a populous duty station like Rome had occurred.

121. It was also recalled that, although it had decided to maintain the current system in the 2005 methodology review, the Commission had also stated that it would welcome proposals on improving the local currency denomination scheme at a future date. Some members noted that, while no such proposals were being made at this stage, the Commission was being asked to review a different aspect of the methodology. These members did not favour a piecemeal approach to the methodology review. Moreover, doubts were expressed as to whether the modified approach would adequately address all possible contingencies, in particular, situations in which salaries grew while the legislated child benefits remained

unchanged between the adjustments. The secretariat therefore needed time to review the situation more thoroughly, to analyse various options and to put together a comprehensive set of proposals for the methodology review.

122. Some members questioned the urgency for the proposed methodological change. They considered that, as a matter of principle, the introduction of such changes should not be driven by the results and that all of the proposals relating to the methodology should be considered under the agreed schedule of the dependency allowances methodology review.

123. On the other hand, the view was expressed that, based on the information provided, there was an apparent flaw in the methodology, which seemed to have had a distorting effect on results of the present exercise. It was therefore doubted whether application of a flawed methodology was a fair option. Maintaining the status quo pending the results of the review of the methodology was therefore preferred.

124. The Commission noted that the current methodology had been applied for many years without any objections from any party. While recognizing the need to revisit certain aspects of the current approach to determining the dependency allowances, most members agreed that changes in the methodology should be considered in a comprehensive manner and that a selective approach to its review should be avoided. It also was of the opinion that, considering the various issues raised with regard to the methodology, its review should be conducted sooner than originally anticipated. In the meantime, most members believed that the current methodology should continue to apply as it had for all previous reviews of the level of the allowances.

125. The Commission further noted that, irrespective of the approach used, the current review of the dependency allowances would not produce any additional expenses. Moreover, the application of the current approach would eventually result in savings. The specific amount of those savings, however, would be difficult to estimate at this time since, according to the established practice, the reduced levels of children's allowances would be applicable only to those staff not yet in receipt of the allowance as at the implementation date.

Decisions of the Commission

126. The Commission decided to make the following recommendations to the General Assembly:

(a) For staff who became eligible to receive the dependency allowances on or after 1 January 2007, the following amounts would be payable:

(i) Children's allowance — US$ 1,780 per annum;

(ii) Disabled child allowance — US$ 3,560 per annum;

(iii) Secondary dependant's allowance — US$ 637 per annum;

(iv) At duty stations where the dependency allowances were expressed in local currency, the revised amounts of the children's and secondary dependant's allowances as shown in annex V, table 1, to the present report.

(b) For staff who were currently eligible to receive the dependency allowances, the current amounts will continue to be payable as follows:

(i) Children's allowance — US$ 1,936 per annum;

(ii) Disabled child allowance — US$ 3,872 per annum;

(iii) Secondary dependant's allowance — US$ 693 per annum;

(iv) At duty stations where the dependency allowances were expressed in local currency, the current amounts of the children's and secondary dependant's allowances as shown in annex V, table 2, to the present report will continue to be payable.

(c) The dependency allowances should be reduced by the amount of any direct payments received by staff from a government in respect of dependants.

127. The Commission also decided to review the methodology for the determination of the children's and secondary dependant's allowances at its sixty-fourth session, and requested its secretariat to develop proposals aimed at simplifying and improving the fairness of the system, including those relating to the local currency denomination scheme and the procedure for adjusting the levels of the allowances.

E. Post adjustment matters

1. Report of the Advisory Committee on Post Adjustment Questions on its twenty-eighth session

Cost-of-living surveys at headquarters duty stations and Washington, D.C.

128. In operating the post adjustment system, comprehensive place-to-place surveys are conducted periodically at all duty stations. As part of the normal cycle of such surveys, place-to-place surveys were conducted by the Commission in Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, D.C., in September and October 2005. A price collection exercise for New York, the base of the post adjustment system, was carried out in June and September 2005. Documentation dealing with the surveys was examined by ACPAQ at its twenty-eighth session, in February 2006, and the Committee's recommendations regarding the results of the surveys were considered by the Commission.

129. The estimated financial implications, based on the implementation of the survey results effective 1 April 2006, totalled approximately $19 million per year. This estimate could vary significantly up or down, depending on the exchange rate movement of the United States dollar.

130. The Commission decided:

(a) To approve the results of the 2005 place-to-place surveys for Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, D.C., as recommended by the Advisory Committee, which are set out in the table below;

(b) That the 2005 survey results for Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, D.C., should be taken into account in determining their respective post adjustment classification as from 1 April 2006;

(c) To request that ACPAQ advise the Commission on the validity of using the cost-of-living differential between New York and Washington, D.C., established

for purposes of post adjustment in the margin calculations and that the item be placed on the agenda of the next session of ACPAQ.

Summary of the results of the 2005 cost-of-living comparisons between New York and Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, D.C., as of the survey date

Duty station	*Month of survey (2005)*	*Exchange rate*	*Existing PAI[a]*	*Existing multiplier*	*New PAI*	*PAI change (percentage)*	*Classification change (percentage)*
Geneva	September	1.27	162.69	63.5	165.38	1.66	1.15
London	September	0.56	155.02	52.3	165.71	6.89	8.80
Madrid[b]	September	0.82	144.13	39.7	141.89	-1.55	1.57
Montreal	September	1.20	144.87	43.3	145.06	0.13	1.23
Paris	September	0.82	150.84	46.1	154.77	2.60	5.93
Rome	October	0.83	147.23	46.1	149.23	1.36	2.14
Vienna	October	0.83	146.80	42.4	148.46	1.13	4.25
Washington, D.C.	September	1.00	142.21	38.3	146.75	3.19	6.11

[a] PAI, post adjustment index.

[b] The reduction in PAI does not result in reduction in take-home pay for Madrid.

F. Total compensation comparisons under the Noblemaire principle to determine the highest paid civil service

1. Total compensation comparison — phase II (Belgium)

131. ICSC continued consideration of its current review of the Noblemaire principle, which commenced at its sixtieth session (March 2005). As part of its phase I consideration of the current review,[11] it identified the civil services of the four countries for further study, namely, those of Belgium, Germany, Singapore and Switzerland. At its sixty-first session (July 2005), on the basis of the examination of information it had received, it decided to discontinue any further study of Germany, Switzerland and Singapore, since none of the three civil services would be able to replace the current comparator. At its sixty-second session (March 2006), it commenced its study of the Belgian civil service with a preliminary analysis, and concluded its consideration at its sixty-third session (July 2006). Based on its study, it noted that the current comparator had significantly higher salary levels, while the Belgian civil service had more favourable provisions for leave/holidays/work hours and a more costly pension plan. Based on available information, health benefits were assumed to be approximately equal.

Views of the organizations

132. The HR Network expressed appreciation to the ICSC secretariat for the well-written report, which was a great improvement over the previous one. The representative of the HR Network indicated that the Network looked forward to the discussions, since some of the pending issues of concern would be addressed.

133. The Network reiterated once again its call for a more thorough review of the Noblemaire principle, which it believed was essential to fully include the international organizations against which the United Nations could compete for the recruitment of staff, in salary comparisons.

Views of staff representatives

134. The representative of CCISUA expressed the view that the Noblemaire study with Belgium should continue into a full phase II comparison in order to determine whether Belgium would be an appropriate comparator. He also advocated the continued cycle of five-year reviews of the Noblemaire studies.

135. The representative of FICSA considered that the Belgium study should go forward into a more detailed phase II comparison. He also emphasized the need to see a more critical review of the Noblemaire principle. He concurred with the views of CCISUA, in particular with regard to continuing the current cycle of five-year reviews.

Discussion by the Commission

136. It was observed that the methodology took into account only compensation and not the design of human resources management systems. Nonetheless, while the Belgian civil service was making significant strides towards reform, it had some systems in place which would be difficult to reflect in the United Nations common system since it was moving in a different direction as part of its own reform efforts, for example with respect to the separate treatment of certain parts of its managerial cadre.

137. The Commission discussed whether the retirement evaluation should be made on a cost-to-employer basis rather than an actuarial evaluation of benefits based on the standard costing method used in prior Noblemaire studies conducted under phase II of the methodology.

138. One member pointed out that the United States Comparator's Federal Employees Retirement System (FERS) had three parts while only one part had been considered when the secretariat made the comparison with Belgium. When all three parts of the FERS were considered, the United States Government contributed 21.7 per cent instead of 11.2 per cent as stated in the secretariat document. When the correct cost to the employer for the FERS was used, the gap between the United States contribution to its retirement plan (21.7 per cent) and the contribution made by Belgium to its retirement plan (25.5 per cent) was only 3.8 per cent.

139. Some members were of the opinion that the United States Civil Service Retirement System should not be a consideration in these studies because it had not been available to new recruits for over 22 years. Because it was no longer available, it had no effect on potential recruits' selection of an employer and, therefore, should not be considered in studies to assess the United States civil service's competitiveness in recruiting staff.

140. The Commission noted that while its discussion provided useful views and a healthy discussion of the manner in which the current exercise was conducted, the use of a cost-to-employer approach in valuing retirement benefits would be a change to the methodology as applied in prior phase II exercises. Such an approach would therefore require further study.

141. With regard to the results of the current study of the Belgian civil service, the Commission members considered that, based on the data before them, it did not seem likely that the Belgian civil service could supplant the current comparator.

142. The updated information for the total compensation comparison between the Belgian civil service and the United States civil service (the current comparator) showed the following:

(a) The United States federal civil service net salary at the entry level was approximately 42 per cent higher than the entry level in Belgium. At the maximum levels, United States net salary is 46 per cent higher than comparable levels in Belgium;

(b) Pensions compared on the basis of the employer's share of the normal cost were higher for Belgium (25 per cent) than for the United States Government (21.7 per cent);

(c) Based on the information available, the secretariat assumed the health insurance programmes in the two national services were approximately equal;

(d) The number of work hours for Belgian civil servants were less than those of the United States civil service and the amount of leave (holidays and annual leave) was higher.

143. The Commission decided on the basis of the above information not to proceed to a phase II study for Belgium.

Decision of the Commission

144. The Commission decided to conclude its current Noblemaire study, noting that the current comparator would be retained.

2. Reference check with World Bank and Organization for Economic Cooperation and Development

145. Under its mandate, ICSC periodically reviews the application of the Noblemaire principle by studying the total compensation packages of national civil services that could potentially replace the current comparator in its role as the reference civil service in determining the appropriate levels of remuneration for the United Nations common system. The Commission commenced the current review at its sixtieth session, in 2005, when it decided to include, as it had done at the time of the prior Noblemaire study, a reference check on the remuneration levels of the World Bank and the Organization for Economic Cooperation and Development (OECD). The Commission had before it an update of the 1995 exercise based on the same comparison modalities used in 1995, namely, Washington, D.C., as the place of comparison, a reference period of 2005 and a married staff member with one dependent child. Based on the comparisons conducted, OECD was found to be 28.8 per cent ahead of the United Nations and the World Bank was found to be 28.6 per cent ahead.

Views of the organizations

146. The HR Network thanked the ICSC secretariat for conducting the reference check with the World Bank and OECD and for the information provided. The Network noted that in its previous statements on related items, it had already

pointed out a real and urgent need to conduct more comprehensive Noblemaire studies and not to rely solely on one national civil service as a comparator. The Network believed that the time had come to consider international civil services for comparison purposes and not merely for reference checks.

147. With regard to the information provided on the World Bank, the HR Network noted that the World Bank did not consider that the current situation had been appropriately depicted, and the Network looked forward to further information and clarification by the secretariat.

148. The HR Network requested more information about the narrowing of the gap between the World Bank and the United Nations, as reported on by the secretariat.

Views of the staff representatives

149. FICSA considered that both OECD and the World Bank were appropriate comparators for the United Nations system. While various interpretations and applications of the Noblemaire principle have existed over the years, the original articulation of the principle involved establishing conditions so as to be able to attract citizens from the countries with the highest pay levels, which was not currently the case. Of a more specific nature FICSA asked why the 1995 grade equivalencies had been used in the current comparison and why had a new grade equivalency study not been conducted. The Federation noted that according to World Bank staff representatives the introduction of broad bands (actually a compressed grade structure) in the World Bank had stifled career development, in particular at the C and G levels of the current World Bank structure. The Federation expressed the view that the remuneration difference between the United Nations and the World Bank was greater than 28 per cent due to the fact that the 2004 figures were used instead of the 2005 figures. The Federation also considered that the retirement benefits of the World Bank had been enhanced since 1995, which had not been reflected in the current exercise.

Discussion by the Commission

150. The Commission commenced its discussion of this item by noting that it had included both organizations in the 1995 Noblemaire study for reference check purposes. Some Commission members expressed the view that it was not appropriate to include either institution in the study. Others expressed the view that while the World Bank was a universal organization and could be referenced, that was not the case with OECD, which was an organization with limited membership.

151. One member held the opinion that the World Bank and some funds and programmes in the United Nations system were and should be in competition for similar skilled people. He wondered if it was not possible to offer those skilled candidates a competitive package on a matching basis.

152. Some Commission members had hoped for greater detail on benefit comparisons but considered the abbreviated nature of the comparison, following the 1995 modalities. In 1995, the detailed analysis of benefits, for example, by the application of actuarial analysis, was not considered. In addition, some members expressed the view that the details of the revision of the pension benefits of the World Bank since 1995 should have been included in the document.

153. Some Commission members expressed doubts about the use of the 1995 grade equivalencies, in particular, the OECD equivalence of A7 to the United Nations grade of D-2. It was recognized, however, that a full grade equivalency would need to be conducted to clarify the equivalence. It was noted that in 1995 the grade equivalencies had been presented to the Commission based on a full agreement between the ICSC and OECD secretariats.

154. Several Commission members addressed the inclusion of expatriate benefits in the comparison process. Some considered that expatriate benefits should have been included in the comparison process while others did not think that such comparisons were appropriate. This was the case, in particular, with reference to the OECD expatriate allowance included in the comparison. Some members considered that it should be excluded and the comparisons recalculated.

155. Commission members noted that in the case of both the World Bank and OECD the difference in remuneration levels between the United Nations and these organizations had narrowed since the study conducted in 1995. In this context, it was noted that OECD had introduced some significant changes in its own remuneration structure since 1995, including the reduction of the level of its expatriate allowance and the reduction of salary adjustments, as economy measures. With regard to the World Bank, significant changes in its remuneration structure had occurred since 1995, in particular the introduction of a broad-banded structure. It was noted that broad bands were initially introduced in lieu of a salary adjustment. While some Commission members felt that further information on the narrowing of the remuneration gaps would be required, others considered that they had sufficient information to enable them to come to a conclusion on this item, in particular since the information had been provided for reference purposes only.

Decision of the Commission

156. The Commission decided to report to the General Assembly that it had conducted an update of the 1995 reference check with the remuneration levels of both the World Bank and OECD as part of its current Noblemaire study and had found that these organizations were approximately 29 per cent ahead of the United Nations common system. In the 1995 reference check, the corresponding gaps in remuneration levels were 51 per cent in favour of the World Bank and 39 per cent in favour of OECD. In the case of OECD, both 1995 and 2005 exercises included expatriate benefits. Had these benefits been excluded from the comparison process, the difference in remuneration levels between the United Nations common system and OECD would be approximately 14 per cent in favour of OECD.

Chapter V

Conditions of service of the General Service and other locally recruited categories

A. Survey of best prevailing conditions of employment in Rome

157. On the basis of the revised headquarters methodology, the Commission conducted a survey of best prevailing conditions of employment for the General Service category of staff in Rome, with a reference date of November 2005. The new salary scale for the General Service category of the organizations of the common system in Rome, as recommended by the Commission to the executive heads of the Rome-based organizations, is reproduced in annex VI to the present report.

158. As may be noted from the recommended salary scale for the General Service category of staff in the Rome-based organizations, the annual net salary at the highest point in this scale, GS-7/XII, is €70,251, or $83,632 at the March 2006 United Nations rate of exchange of €0.84 per $1. As at 1 March 2006, this net remuneration (net base salary plus post adjustment) was at the P-3/VIII level. The Commission noted that in November 2000, the time of the previous survey, the overlap had been at the P-3/V level, and decided to keep this matter under review.

159. The recommended salary scale for the Rome-based organizations shown in annex VI was 12.16 per cent higher than the current scale. It should be noted, however, that an interim adjustment of the General Service scale of 4.02 per cent, which would have been due in October 2005, was suspended pending the completion of the survey. Thus, the net increase recommended by the Commission in addition to the October 2005 interim adjustment amounts to 8.14 per cent.

160. In addition to a new salary scale, the Commission also recommended revised rates for dependency allowances, determined on the basis of tax abatements, legislated payments and the surveyed employer-specific payments. The total implications of the Commission's recommendations, with and without the interim adjustment mentioned in paragraph 159 above, are estimated at €8.42/5.74 million per annum, or $10.02/6.86 million per annum, respectively, at the March 2006 exchange rate.

B. Survey of best prevailing conditions of employment in New York

161. Under article 12, paragraph 1, of its statute, ICSC conducted a survey of best prevailing conditions of service for the General Service and other locally recruited categories of staff in New York with a reference date of November 2005. There are five locally recruited categories in New York: the General Service, Security Service, Trades and Crafts, Language Teachers and Public Information Assistants. In accordance with the Commission's earlier decisions, no separate surveys were conducted with respect of the Language Teacher and the Public Information Assistants categories. Instead, the survey percentage resulting from the General Service survey was applied to adjust the salary scales of these two categories. The Commission also decided to discontinue, for future rounds, separate surveys of the Security Service and the Trades and Crafts categories and to apply to them the same salary adjustment procedure as the one applicable to Language Teachers and Public

Information Assistants. For the present exercise, separate survey results for the Security Service were used while the salaries of the Trades and Crafts category were adjusted by the same percentage as that established for the General Service category.

162. The salary scales for all five locally recruited categories of staff in New York, recommended by the Commission to the executive heads of the New York-based organizations, is reproduced in annex VII to the present report.

163. As may be noted from the recommended scales, the overlaps of the highest salary points for these categories with the net remuneration (salary plus post adjustment) of the Professional staff in New York are as follows:

Category	*Highest grade/step*	*Annual salary*	*Overlap with Professional category*
General Service	GS-7/XI	$65 845	P-1/VIII
Security Service	S-7/IX	$79 613	P-2/VIII
Trades and Crafts	TC-8/VII	$68 472	P-2/I
Language Teachers	XII	$69 757	P-2/II
Public Information Assistants	PIA-III/V	$50 254	No overlap

The Commission considered that such overlaps were not cause for concern.

164. The recommended salary scales for the General Service, Trades and Crafts, Language Teachers and Public Information Assistants categories shown in annex VII are 1.74 per cent higher than the current scales, while the Security Service recommended salary scale is 3.87 per cent above the current scale. It should be noted that an interim salary adjustment of 3.75 per cent was granted to all these categories in May 2005 as an exceptional measure in view of a delayed start of the data collection exercise.

165. In addition to the new salary scale, the Commission also recommended revised rates for dependency allowances for these categories. As the recommended levels of these allowances are lower than the current rates, the revised rates will be applicable only to staff newly recruited after the promulgation of the rates. The financial implications of the Commission's salary scale recommendations with respect of all locally recruited categories in New York are estimated at $3.59 million per annum as compared with the current scales. The reduced rates of the dependency allowances will result in estimated savings of $45,000 per annum. The estimate of savings takes into account that present staff retain their current dependency rate and that the reduced rates only apply to new recruits.

Chapter VI
Conditions of service in the field

A. Staffing of field missions: review of conversion of contractual arrangements

166. The General Assembly, in its resolution 59/266, requested ICSC to review the contractual instruments available for the employment of common system staff in the field, including the practice of conversion of appointments from the 300 to the 100 series of the Staff Rules of the United Nations. The Assembly further requested that the Commission submit to it at its sixty-first session an analysis of the desirability and feasibility of harmonizing conditions of service at non-family duty stations in the field.

167. At its sixty-second session, the Commission considered a report from its secretariat supplemented by information from the Department of Peacekeeping Operations of the United Nations Secretariat, which provided an overview of the staffing situation and practices in peacekeeping missions.

168. The Deputy Secretary-General addressed the Commission's sixty-third session, at which time he stated that the main thrust of the Secretary-General's report "Investing in the United Nations: for a stronger Organization worldwide"[12] was that the work of the Organization had changed dramatically but that the underlying management systems had remained static. Most importantly, he said that the human resource rules and processes had not kept pace with operational demands. The Deputy Secretary-General's statement was supplemented by a statement from the Assistant Secretary-General for Human Resources Management and a briefing from the Assistant Secretary-General for Peacekeeping Operations, where they stressed the urgency of the matter in view of the difficulties in recruitment and the high turnover rate in peacekeeping operations.

169. In light of the new information provided and the Secretary-General's proposal,[12] the Commission recognized an urgent need to revisit the conditions of service at field missions and provide rapid solutions.

Views of the organizations

170. The representative of the HR Network noted that, while conversion of staff to the 100 series of appointments had meaning for the United Nations common system as a whole, the Network had no additional comments beyond those expressed by the United Nations.

Views of the staff

171. The representative of FICSA expressed appreciation for the information provided, as the temporary nature of staff in the peacekeeping operations was a source of ongoing concern. FICSA recognized that the continuing nature of peacekeeping operations now required a career approach to preserve the expertise and knowledge of its staff.

172. The representative of CCISUA considered that the conversion of staff on appointments of limited duration to the 100 series, as explained by the United

Nations representatives, especially with regard to entitlements, was acceptable, since those staff would still be considered as mission appointees.

173. CCISUA expressed the opinion that recruitment procedures and practices of DPKO should be aligned with those of Headquarters and that fair competition should be maintained when mission appointees applied for regular posts, particularly at Headquarters and with respect to the identification of internal candidates. CCISUA expressed its keen interest in participating in any working group that might be established to study and finalize proposals for submission to the General Assembly.

Discussion by the Commission

174. The Commission was informed by the Assistant Secretary-General for Peacekeeping Operations that there were over 20,000 civilian personnel positions authorized in peacekeeping operations, of which more than 7,000 were authorized for international staff. Of that number, 25 per cent remained vacant. The Commission was informed that there were difficulties in recruiting and retaining staff at non-family duty stations, which could be directly attributed to competition among international organizations for staffing such field positions. The Commission considered that the issue must be dealt with from the perspective of the common system. It emphasized that entitlements and benefits for staff serving in the field would need to be streamlined and harmonized across the common system.

175. It became clear that there was a need to identify and examine the problems inherent in recruiting, retaining and reassigning staff at non-family duty stations. The Commission held the view that proposals to streamline the recruitment processes were also essential in order to reduce the vacancy rate and to allow freedom of movement from one field mission to another.

176. The Commission was informed that the estimated average annual cost of converting a P-4, step VI, single staff member from a 300 series to a 100 series mission-specific contract would be $372. Further, the additional cost for a staff member also at a P-4/VI level with a spouse and two dependent children could be as high as $29,938 per annum, owing mainly to the education benefit. To convert approximately 2,300 eligible 300 series staff to 100 series mission-specific contracts was estimated by the United Nations to cost more than $18 million annually. Adopting the special operations approach used in field-oriented funds and programmes at non-family duty stations, as proposed in the Secretary-General's reform package, was estimated to cost more than $200 million annually. In light of the investment that would have to be made, the Commission needed to find cost-effective solutions.

177. The 300 series appointments of limited duration were specifically designed to meet those of the Organization's recruitment needs that were, by nature, undefined in duration and budgeted short-term. The United Nations pointed out that peacekeeping operations had undergone a dramatic expansion. Indeed, they no longer involved merely short-term peacekeeping observer operations but now included larger multidimensional mandates, incorporating responsibilities for civil affairs, rule-of-law, governance, human rights, child protection, security sector reform and the disarmament, demobilization and repatriation of ex-combatants. The Assistant-Secretary-General for Peacekeeping Operations reported that over the past 15 years there had never been fewer than 2,600 international staff in peacekeeping

operations. Further, the Commission was informed that the Secretary-General intended to rationalize the staffing and management of personnel throughout the Secretariat and, in particular, to simplify contractual instruments and to harmonize them with conditions of service.

178. Some members of the Commission observed that, given the current state of affairs in peacekeeping, it would be reasonable to recruit international civil servants for a career in peacekeeping missions, that is, to serve under continuing contracts. Those members visualized a mobile cadre of staff with specialized skills moving among various peacekeeping missions in the field and to Headquarters. Appointments could be made using continuing, fixed-term and temporary contracts.[13] Such arrangements must be based on careful analysis of mission needs and skill requirements, so as to determine the contractual composition that would meet and not exceed the Organization's requirements. Other staff could be recruited for mission-specific assignments using fixed-term or temporary contracts.

179. The Commission also learned from DPKO that the streamlined compensation package, designed for ease of administration to support short-term appointments under the 300 series, was, in fact, as difficult to administer as the regular compensation package. There was recognition that the streamlining of entitlements and benefits should not just be limited to the 300 series of appointments but also to other field staff.

180. Several Commission members were of the opinion that a working group would facilitate efforts to arrive quickly at a conclusion, while taking into account the need to harmonize entitlements and benefits across the common system. Both the HR Network and the staff representatives agreed with that approach. The Commission would welcome participation by OHRM and DPKO in the working group.

Decision of the Commission

181. The Commission decided:

(a) In light of new information, to withdraw the recommendations related to the harmonization of benefits for field staff;[14]

(b) To establish a working group comprising some members of the Commission, representatives of its secretariat, the secretariat of CEB, organizations with internationally recruited staff serving in non-family duty stations and staff representatives;

(c) To set the terms of reference for the working group as indicated in annex VIII;

(d) As an interim measure, to allow maximum flexibility under the current contractual arrangements for staff in peacekeeping missions and to recommend the following measures to the General Assembly:

(i) Remove the four-year limitation on 300 series appointments;

(ii) Permit conversion to mission-specific 100 series contracts for staff members who have a minimum of four years of service, provided that their functions have been reviewed and found necessary and their performance has been confirmed as fully satisfactory;

(iii) Permit reassignment of 300 and 100 series mission-specific appointees to another mission in a similar capacity to meet the requirements of the Organization.

B. Survey and report on the status of National Professional Officers

182. Under Article 17 of its statute, ICSC monitors the implementation of its decisions and recommendations by the organizations of the common system. In reviewing information in this connection at its sixty-first session, the Commission noted that the last review of National Professional Officers (NPO) had been conducted in 1993. It therefore requested its secretariat to review the status of NPOs in terms of their functions and conditions of service and to submit a report on the use of the category at its sixty-third session. At its sixty-third session, the Commission was provided with a report, as requested, including a comparison of salaries with international professional and locally recruited General Service and related staff.

183. Twelve organizations of the United Nations common system confirmed the use of NPOs. The information provided by those 12 organizations indicated that the number of NPOs stood at 4,777, compared with 1,299 reported by seven organizations in 1993. Most organizations reported that NPOs were now required to take on a stronger developmental role as the field presence of organizations had increased in the areas of disaster mitigation and nation-building. A small number of organizations indicated an increased need for regional expertise and proposed to broaden the role of NPOs to include a regional focus.

184. The report to the Commission recalled the guidelines governing the creation of the category, including: (a) the work should have a national content, requiring national knowledge and experience; (b) NPOs should be nationals of the country in which they served and should not be subject to reassignment to any duty station outside of the home country; (c) NPO posts should be graded on the basis of the standards used for classifying Professional posts; and (d) conditions of service should be established in accordance with the principle of the best prevailing conditions in the locality for nationals carrying out functions at the same level, through the application of the NPO salary survey methodology promulgated by ICSC.

Views of the organizations

185. The representative of the HR Network noted that the report accurately conveyed the practice of organizations with regard to the employment of national professional staff. The organizations employing the category wished to highlight the important contribution made by NPOs to country operations, owing to their knowledge and expertise regarding the local context.

186. The representative noted that organizations concurred with the continued relevance of the 1994 criteria, even in the light of the enhanced character of the category. In this regard, many organizations had expanded the chances for career progression for NPOs by providing opportunities for international exposure through missions and appointments to the international category. The Network reaffirmed the value of the category in building national capacity, establishing stability in

national development and, in some instances, in providing emergency support following the evacuation of international professionals in times of national conflict.

187. During the debate, the representative of UNESCO reported that, as part of its decentralization approach from Headquarters to the field in the implementation of certain programmes, the organization had established cluster offices with sectoral expertise covering several programme areas, staffed with multidisciplinary teams. As it proved to be increasingly difficult to recruit international staff in every sector, the organization was interested in expanding the functions of the category of NPOs to include a regional focus. The positions would bear regional responsibilities that would require knowledge of the countries served by the cluster offices and would be open to nationals of any of the countries concerned. The organization was therefore seeking the endorsement of the Commission to proceed accordingly.

188. The representative of UNICEF, the organization with the highest number of NPOs, informed the Commission that the category was an integral and valuable part of its workforce. The organization needed professional staff who were familiar with local culture and institutions and the category proved to be an excellent resource in this respect, providing stability and continuity, as international professionals were rotated out of the country. The organization hoped that the current criteria would be reaffirmed.

Views of the staff representatives

189. The FICSA representative recalled that the NPO category was originally created to provide local expertise to country programmes that focused on development. However, with an increased demand for field activities, especially in emergency assistance, the NPO role had expanded. In addition, some organizations were assigning NPOs to regional responsibilities, thus violating the original intent of the NPO category. With these changes, it was important that the increasing reliance on NPOs should not erode the strength of the international civil service nor act as a deterrent for attracting young people to the United Nations system. While recognizing that organizations faced budgetary pressures, FICSA cautioned nevertheless that increasing an organization's NPO base should not be based on economies and that there be an appropriate balance between NPOs and internationally recruited staff.

190. FICSA pointed out that NPOs had complained of disputes over remuneration, including in dysfunctional economies, and of no or limited career prospects. Although some organizations facilitated NPOs moving to the category of internationally recruited Professional staff, FICSA stressed that when this occurred, it was important that proper recruitment and selection procedures were followed. Friction was also cited between NPOs and internationally recruited staff and between NPOs and GS staff, such as perceptions of performing the same functions at different levels of pay and prestige. Such friction also contributed to making staff representation of all three categories within the same group more difficult.

191. The representative of CCISUA endorsed the statement of FICSA, sharing the Federation's concern about the conditions of service, including the level of salaries and limited career opportunities for NPOs. CCISUA considered the category to be an important one as it constituted a bridge between the locally recruited General Service and international professional staff. NPOs applying for international positions should therefore be given priority and in particular, be considered as

internal candidates, if they were not already so considered. This would provide coherence among organizations in applying the best practices to personnel in the field. CCISUA considered that the present criteria for the employment of NPOs continued to be valid and should not be changed. In this regard, it reminded the Commission and organizations that the criteria stipulated that a balance should be kept between NPOs and international professionals. It urged the Commission to keep this in mind when examining the tendency of some organizations to assign regional responsibilities to NPOs, as regional assignments would serve to transform NPOs into international professionals.

Discussion by the Commission

192. The Commission noted the information provided by the organizations, discussing at some length the proposal from UNESCO for expanding the functions of the category to include a regional focus. Most members considered that the concept of regionalization was beyond the original intent of the criteria for the employment of NPOs. The objective of the category had been consistent with the efforts to increase national development and to enhance other capabilities of the host Government. Expansion to a regional concept which was outside the scope intended for an NPO appeared to be a more appropriate role for an international Professional. NPOs should therefore remain in the country from which they had been recruited.

193. One member expressed the view that the demand for a regional focus could create difficulties if there were no established criteria for defining a region, in view of the fact that a region could comprise complex cultural elements and extensive diversity, thereby inhibiting a comprehensive knowledge of that local environment.

194. In response to information provided by UNDP indicating that the organization provided opportunities for the professional development of NPOs through mentoring, coaching and short-term assignments of up to three months to other countries in order to utilize skills more effectively, some members considered that short exposure outside the home country could enhance the value and effectiveness of NPOs in their home country. However, if organizations were convinced of a need to regionalize the category, a proposal to that effect would have to be submitted to the Commission. The consensus was that the idea of a regional NPO could not be endorsed.

195. The Commission noted that there appeared to be wide disparities in the levels of NPO salaries; in some countries the levels were surprisingly high. It was recalled that the non-headquarters salary survey methodology for General Service staff should be applied to the NPO category. The question as to how employers were selected was discussed and several members expressed the view that it would be prudent to review the application of the methodology to ascertain consistency in application across all countries in which NPOs and General Service staff were employed. The contractual arrangements and associated benefits package of NPOs should also be examined.

196. The Commission considered that the current criteria for the establishment of the category continued to be valid and that it should be confirmed, with minor updating to reflect the classification of NPO positions by reference to the new job evaluation system for the Professional and higher categories.

Decisions of the Commission

197. The Commission decided to:

(a) **Reaffirm the criteria set out in 1994 for the employment of NPOs, updated to reflect the use of the new job evaluation system in the classification of positions in the category, as indicated in annex IX to the present report;**

(b) **Remind organizations that all staff in the NPO category must meet the criteria for employment;**

(c) Reject the notion of a regional NPO;

(d) Request its secretariat to:

(i) Review the contracts and associated benefits of NPOs to assess the degree of harmonization;

(ii) Review the application of the salary survey methodology in NPO salary surveys, with due regard to the criteria concerning appropriate linkages between the General Service and NPO categories at the same location;

(iii) Make recommendations, if required, taking into account the decision made by the Commission in its 1994 annual report[15] for adjustments to the methodology;

(iv) Provide a report to the Commission at its sixty-seventh session (July 2008).

Chapter VIII
Other business

A. Progress report on the development of a Senior Management Network

198. The development of a Senior Management Network (formerly entitled Senior Management Service) for the organizations of the United Nations common system has been on the work programme of the ICSC for a number of years. In 2003, the Commission noted that developmental work was proceeding under the auspices of the CEB and requested the organizations of the common system to inform it of progress made, as appropriate.

199. In its resolution 59/268 of December 2004, the General Assembly requested the Commission to continue to monitor the project regarding the improvement of management capacity and performance among senior staff by CEB and to advise and make recommendations to the Assembly as appropriate. The Assembly also requested the Secretary-General in his capacity as Chairman of CEB to redesignate the Senior Management Service to reflect its character as a set of collaborative efforts to enhance the managerial capacity and performance of senior staff by respective executive heads. The Secretary-General, in compliance with that request, reported to the General Assembly at its sixtieth session that the Senior Management Service had been redesignated the Senior Management Network (SMN).

200. At its sixty-second session, the Commission was provided with a progress report from the HR Network of the CEB on the development of the Senior Management Network with particular reference to the concept, the modus operandi and the strategic plans for development in the longer term.

Views of the organizations

201. The representative of the HR Network reported to the Commission that the rationale for the SMN was to support reform efforts to strengthen the international civil service and improve organizational performance by developing and enhancing managerial and leadership capacity.

202. Five objectives had been established for the SMN: (a) to strengthen managerial and leadership capacity so as to improve organizational performance; (b) to build a common corporate culture and to encourage diversity at the senior level within individual organizations and across the common system, thereby heightening the "esprit de corps" of its members; (c) to facilitate the devolution of responsibility and accountability; (d) to enhance inter-agency cohesion and coordination and to encourage inter-agency mobility and learning; and (e) to signal a commitment to the professionalization of the management function. In that context, it was believed that the concept of the Network supported efforts by organizations to introduce accountability in all areas of reform.

203. Underpinning the establishment of the Network were its six core competencies. The CEB secretariat and the United Nations System Staff College had prepared a competency map, which aligned the six SMN core competencies with existing organizational competency frameworks.

204. The membership of the Network was foreseen at the level of D-1 and above, with the possibility of including senior managers at the P-5 level in some organizations. The membership would be position-based. Selection of posts for inclusion in the Network would be the prerogative of executive heads, based on managerial responsibilities and accountabilities that should typically include leadership of significant programmes and activities and/or provision of high-level policy advice.

205. The representative of the HR Network further informed the Commission that in addition to the common set of core competencies, which would help establish a shared language for defining the qualities of an effective manager in the United Nations system, the features of the SMN included a system-wide programme for leadership development with managerial tools and resources to sustain knowledge and with global management forums within which its members could continue to network, sharing knowledge and values across the United Nations common system. The Commission was further informed that the leadership development programme would be developed by the United Nations System Staff College under the auspices of CEB. While the leadership programme would have some resource implications, those costs would be borne by the participating organizations within their existing resources.

Views of the staff representatives

206. FICSA prefaced its remarks on the SMN with a statement that it favoured improved management. FICSA reiterated its previously expressed concern that the Network could develop into an elite cadre. Also of concern was that with the mobility of senior managers, an enforced, single, predominant management culture could prevail that would not accommodate the unique aspects of the different organizations. Noting that the executive heads would have the responsibility for determining the criteria for entry into the Network, the representative of FICSA questioned whether or not such a prerogative could be a limiting factor due to a lack of understanding of the purpose and objectives of the Network on the part of an executive head.

Discussion by the Commission

207. The Commission noted with appreciation the comprehensive and informative briefing that had been provided by the HR Network. The Commission considered that the SMN exhibited some interesting features to facilitate strengthening the managerial cadre across the common system.

208. Some members held the view that Member States, as major stakeholders of the organizations, should be fully involved with the development of a common culture in order to reflect the diversity and multicultural nature of the international community. Further, it was noted that the principle of geographical and gender balance had not been referred to in the entry criteria. The question was raised as to whether SMN could generate the potential for creating an exclusive culture. In response, the HR Network spokesperson, recalling that membership in the SMN would be position-based, pointed out that geographical and gender balance considerations were already taken into account at the time of selection of managers for vacant posts. The positions in the SMN would therefore be merely a reflection of the overall geographical and gender balance at the senior managerial levels.

209. A few members held the view that there was some inconsistency in developing an elite body of senior managers at varying levels with a view to promoting mobility for the purpose of sharing information and experience across the common system. The achievement of harmonious exchange between senior managers at different grades and between organizations with different mandates was seen as an operational challenge. In response, the HR Network recalled that the inter-agency mobility accord facilitated movement across agencies and had already laid the foundation for staff without leadership responsibilities to develop in an intercultural environment.

210. A number of Commission members, noting the role of executive heads in determining entry to the SMN, questioned to what extent the organizations' governing bodies would be involved and whether selection would be subjective rather than based on the requirements of the post. Since the Network would be position-based, it was proposed that vacancy announcements should indicate those positions that would be included. A few members considered that some thought should be given to the coordination and management of such a diverse group of senior managers and expressed the view that the development of the Network by the organizations created some duplication of the Commission's work, which should be to ensure that objective criteria for entry existed and that a balance was established between cultural diversity and organizational needs.

Decision of the Commission

211. The Commission noted the information provided by the HR Network, which had afforded some clarity on the development and directions of the SMN and had provided the opportunity to raise concerns and identify challenges inherent in implementing such a network. On the basis of that information, the Commission decided to request similar updates at regular intervals from the HR Network/CEB secretariat.

Notes

[1] ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA, UNIDO and UNWTO.

[2] IFAD.

[3] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 30* and corrigendum (A/60/30 and Corr.1).

[4] See General Assembly decisions 60/551 A and 60/551 B.

[5] See *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 30* (A/55/30), annex II.

[6] See *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 30* (A/59/30), vol. I, annex II, para. 8.

[7] Ibid., annex II.

[8] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 30* and corrigendum (A/60/30 and Corr.1).

[9] Ibid., annex II.

[10] See *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 30* (A/59/30), vol. I, para. 297.

[11] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 30* (A/60/30), annex VIII.

[12] A/60/692.

[13] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 30* and corrigendum (A/60/30 and Corr.1), annex IV.

[14] Ibid., paras. 161 and 162.

[15] *Official Records of the General Assembly, Forty-ninth Session, Supplement No. 30* (A/49/30).

Annex I

Programme of work of the International Civil Service Commission for 2007-2008

1. Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system.

2. Framework for human resources management:

   I. Review of the pay and benefits system:

      (a) Modernizing and simplifying allowances:

         (i) Separation payments —

            • Termination indemnity;

            • Repatriation grant;

            • Payment in case of death;

         (ii) All leave entitlements;

         (iii) Language incentive;

      (b) Monitoring of the pilot study on broad banding/pay-for-performance (progress report);

      (c) Assessing the implementation of the Common Job Evaluation Master Standard for the Professional and higher categories;

      (d) Education grant: review of the methodology for determining the grant;

      (e) Staffing of field missions: review of conversion of contractual instruments, i.e., all benefits packages.

3. Conditions of service of the Professional and higher categories:

      (a) Evolution of the United Nations/United States net remuneration margin;

      (b) Base/floor salary scale;

      (c) Survey and report on gender balance in the United Nations common system;

      (d) Survey conditions and pay compensation/entitlements of National Professional Officers;

      (e) Report of ACPAQ on its twenty-ninth session;

      (f) Agenda for the thirtieth session of ACPAQ;

      (g) Report of ACPAQ on its thirtieth session;

      (h) Children's and secondary dependant's allowances: review of the level;

      (i) Children's and secondary dependant's allowances: review of the methodology.

4. Conditions of service of the General Service and other locally recruited staff:

   (a) Survey of best prevailing conditions of employment at:

      (i) London;

      (ii) Geneva;

      (iii) Vienna;

   (b) Review of the survey methodology: panel;

   (c) Considerations related to reviewing the Job Evaluation Standards for the General Service and related categories.

5. Conditions of service applicable to both categories of staff:

   (a) Education grant: review of the level.

6. Total compensation comparisons under the Noblemaire principle to determine the highest paid civil service:

   (a) Results of the United Nations/United States grade equivalency studies (SES);

   (b) Results of the United Nations/United States grade equivalency studies (All other grades);

   (c) Conduct a United Nations/United States total compensation comparison.

7. Progress report on development of a Senior Management Network.

8. Implementation by organizations of decisions and recommendations of the International Civil Service Commission.

9. Administrative and budgetary matters: proposed budget for the biennium 2008-2009.

10. Strategic directions for the International Civil Service Commission in the biennium 2010-2011.

Annex II

Proposed revisions of education grant and boarding cost levels

Table 1
Proposed increases for maximum admissible expenditures and education grant

Country/zone	*Currency*	*MAE*	*Maximum EG*
Denmark	Danish krone	108 147	81 110
Ireland	Euro	17 045	12 784
Italy	Euro	17 215	12 911
Sweden	Swedish krona	141 026	105 770
US$ in the United States	United States dollar	34 598	25 949
US$ outside the United States[a]	United States dollar	18 048	13 536

[a] Includes Norway, which will no longer be tracked as a separate zone.

Table 2
Zones where the maximum admissible expenditures and education grant are maintained

Country/zone	*Currency*	*MAE*	*Maximum EG*
Austria	Euro	15 198	11 399
Belgium	Euro	14 446	10 835
Finland	Euro	9 082	6 812
France[b]	Euro	10 263	7 697
Germany	Euro	18 993	14 245
Japan	Yen	2 324 131	1 743 098
Netherlands	Euro	15 440	11 580
Spain	Euro	13 762	10 322
Switzerland	Swiss franc	26 868	20 151
United Kingdom	Pound sterling	18 285	13 714

[b] Except for the following schools, where the US$ in the United States levels will be applied:
1. American School of Paris.
2. American University of Paris.
3. British School of Paris.
4. European Management School of Lyon.
5. International School of Paris.
6. Marymount School of Paris.

Table 3
Proposed ceilings for boarding costs

Country/zone	*Currency*	*Normal flat rate for boarding*	*Additional flat rate for boarding (at designated duty stations)*
Austria	Euro	3 564	5 346
Belgium	Euro	3 366	5 049
Denmark	Danish krone	24 715	37 072
Finland	Euro	2 543	3 815
France	Euro	2 921	4 381
Germany	Euro	4 090	6 134
Ireland	Euro	2 945	4 417
Italy	Euro	2 965	4 447
Japan	Yen	534 345	801 517
Netherlands	Euro	3 814	5 721
Spain	Euro	2 992	4 488
Sweden	Krona	23 490	35 235
Switzerland	Swiss franc	5 331	7 997
United Kingdom	Pound sterling	3 326	4 989
US$ in United States	United States dollar	5 406	8 109
US$ outside United States	United States dollar	3 490	5 235

Annex III

Comparison of average net remuneration of United Nations officials from the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades (margin for calendar year 2006)

Grade	Net remuneration: United Nations[a,b] $	Net remuneration: United States $	United Nations/United States ratio (United States, Washington, D.C. = 100)	United Nations/United States ratio adjusted by cost-of-living differential	Weights for calculation of overall ratio[c]
P-1	60 355	47 928	125.9	109.8	0.6
P-2	79 341	61 572	128.9	112.4	8.3
P-3	98 082	74 762	131.2	114.4	22.8
P-4	119 142	91 370	130.4	113.7	31.1
P-5	139 145	107 264	129.7	113.1	25.3
D-1	160 443	119 871	133.8	116.7	9.0
D-2	171 077	124 712	137.2	119.6	2.9
Weighted average ratio before adjustment for cost-of-living differential, New York/Washington, D.C.				130.8	
Cost-of-living ratio New York/Washington, D.C.				114.7	
Weighted average ratio, adjusted for cost-of-living difference				114.0	

[a] Average United Nations net salaries at dependency level by grade reflecting eight months at multiplier 63.7 and four months at multiplier 66.3 (on the basis of the salary scale in effect from 1 January 2006).

[b] For the calculation of the average United Nations salaries, CEB personnel statistics as at 31 December 2004 were used.

[c] These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 2004.

Annex IV

Salary scale for the Professional and higher categories, showing annual gross salaries and net equivalents after application of staff assessment (effective 1 January 2007)

(in United States dollars)

Level		*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*	*XIV*	*XV*
USG	**Gross**	**185 874**														
	Net D	133 818														
	Net S	120 429														
ASG	**Gross**	**168 826**														
	Net D	122 737														
	Net S	111 142														
D-2	**Gross**	**138 549**	**141 494**	**144 443**	**147 391**	**150 354**	**153 437**									
	Net D	102 713	104 716	106 721	108 726	110 730	112 734									
	Net S	94 360	96 052	97 737	99 417	101 092	102 760									
D-1	**Gross**	**126 565**	**129 153**	**131 738**	**134 326**	**136 915**	**139 501**	**142 090**	**144 678**	**147 265**						
	Net D	94 564	96 324	98 082	99 842	101 602	103 361	105 121	106 881	108 640						
	Net S	87 407	88 937	90 462	91 985	93 504	95 020	96 531	98 040	99 544						
P-5	**Gross**	**104 600**	**106 803**	**109 004**	**111 204**	**113 407**	**115 607**	**117 810**	**120 012**	**122 213**	**124 415**	**126 615**	**128 818**	**131 019**		
	Net D	79 628	81 126	82 623	84 119	85 617	87 113	88 611	90 108	91 605	93 102	94 598	96 096	97 593		
	Net S	73 975	75 305	76 631	77 957	79 280	80 599	81 918	83 234	84 547	85 858	87 167	88 474	89 779		
P-4	**Gross**	**85 974**	**87 979**	**89 986**	**91 992**	**93 999**	**96 006**	**98 013**	**100 019**	**102 144**	**104 266**	**106 391**	**108 515**	**110 640**	**112 765**	**114 890**
	Net D	66 401	67 845	69 290	70 734	72 179	73 624	75 069	76 513	77 958	79 401	80 846	82 290	83 735	85 180	86 625
	Net S	61 834	63 150	64 464	65 776	67 087	68 396	69 705	71 012	72 317	73 623	74 925	76 227	77 528	78 828	80 127
P-3	**Gross**	**70 222**	**72 079**	**73 939**	**75 793**	**77 653**	**79 508**	**81 364**	**83 224**	**85 082**	**86 938**	**88 797**	**90 651**	**92 511**	**94 367**	**96 224**
	Net D	55 060	56 397	57 736	59 071	60 410	61 746	63 082	64 421	65 759	67 095	68 434	69 769	71 108	72 444	73 781
	Net S	51 395	52 625	53 857	55 085	56 317	57 545	58 775	60 005	61 234	62 464	63 689	64 916	66 141	67 366	68 592
P-2	**Gross**	**57 153**	**58 815**	**60 476**	**62 138**	**63 799**	**65 458**	**67 121**	**68 779**	**70 442**	**72 106**	**73 764**	**75 428**			
	Net D	45 650	46 847	48 043	49 239	50 435	51 630	52 827	54 021	55 218	56 416	57 610	58 808			
	Net S	42 818	43 904	44 986	46 070	47 153	48 238	49 340	50 438	51 542	52 642	53 741	54 844			
P-1	**Gross**	**44 614**	**46 035**	**47 452**	**48 873**	**50 326**	**51 922**	**53 521**	**55 118**	**56 711**	**58 308**					
	Net D	36 137	37 288	38 436	39 587	40 735	41 884	43 035	44 185	45 332	46 482					
	Net S	34 089	35 148	36 207	37 267	38 325	39 383	40 443	41 489	42 531	43 572					

Note: D = Rate applicable to staff members with a dependent spouse or child
S = Rate applicable to staff members with no dependent spouse or child

Annex V

Recommended amounts of children's and secondary dependant's allowances for Professional and higher categories (effective 1 January 2007)

Table 1

Amounts recommended for newly recruited staff

Country or area	*Currency*	*Children's allowance*	*Secondary dependant's allowance*
Austria	Euro	2 113	781
Belgium	Euro	1 790	573
Denmark	Danish krone	13 574	3 924
France	Euro	1 591	528
French Guiana	Euro	1 591	528
Germany	Euro	2 134	765
Ireland	Euro	1 496	490
Japan	Yen	410 194	186 347
Luxembourg	Euro	1 790	573
Monaco	Euro	1 591	528
Netherlands	Euro	2 088	711
Switzerland	Swiss franc	3 461	1 542
United States and the rest of the world	United States dollar	1 780	637

Table 2

Amounts applicable to currently eligible staff

Country or area	*Currency*	*Children's allowance*	*Secondary dependant's allowance*
Austria	Euro	2 298	849
Belgium	Euro	1 947	623
Denmark	Danish krone	14 762	4 267
France	Euro	1 730	574
French Guiana	Euro	1 730	574
Germany	Euro	2 321	832
Ireland	Euro	1 627	533
Japan	Yen	446 106	202 661
Luxembourg	Euro	1 947	623
Monaco	Euro	1 730	574
Netherlands	Euro	2 271	773
Switzerland	Swiss franc	3 764	1 677
United States and the rest of the world	United States dollar	1 936	693

Annex VI

Recommended net annual salary scale for the General Service and related categories in Rome

Survey reference date: November 2005

(Euros)

	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
G-7	47 976	50 001	52 026	54 051	56 076	58 101	60 126	62 151	64 176	66 201	68 226	70 251			
G-6	41 721	43 473	45 225	46 977	48 729	50 481	52 233	53 985	55 737	57 489	59 241	60 993	62 745	64 497	66 249
G-5	36 277	37 816	39 355	40 894	42 433	43 972	45 511	47 050	48 589	50 128	51 667	53 206	54 745	56 284	57 823
G-4	32 688	34 025	35 362	36 699	38 036	39 373	40 710	42 047	43 384	44 721	46 058	47 395	48 732	50 069	51 406
G-3	29 988	31 131	32 274	33 417	34 560	35 703	36 846	37 989	39 132	40 275	41 418	42 561	43 704	44 847	45 990
G-2	28 024	28 977	29 930	30 883	31 836	32 789	33 742	34 695	35 648	36 601	37 554	38 507	39 460	40 413	41 366
G-1	26 439	27 222	28 005	28 788	29 571	30 354	31 137	31 920	32 703	33 486	34 269	35 052	35 835	36 618	37 401

Annex VII

Recommended net annual salary scales for the General Service and related categories in New York

Survey reference date: November 2005

(United States dollars)

A. General Service category

Grade/step	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*
G-7	47 674	49 491	51 308	53 125	54 942	56 759	58 576	60 393	62 210	64 027	65 844
G-6	43 158	44 798	46 438	48 078	49 718	51 358	52 998	54 638	56 278	57 918	59 558
G-5	39 045	40 529	42 013	43 497	44 981	46 465	47 949	49 433	50 917	52 401	53 885
G-4	35 345	36 688	38 031	39 374	40 717	42 060	43 403	44 746	46 089	47 432	48 775
G-3	31 971	33 189	34 407	35 625	36 843	38 061	39 279	40 497	41 715	42 933	44 151
G-2	28 940	30 043	31 146	32 249	33 352	34 455	35 558	36 661	37 764	38 867	
G-1	26 194	27 191	28 188	29 185	30 182	31 179	32 176	33 173	34 170		

B. Security Service category

Grade/step	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*
S-7	61 805	64 031	66 257	68 483	70 709	72 935	75 161	77 387	79 613				
S-6	57 589	59 661	61 733	63 805	65 877	67 949	70 021	72 093	74 165				
S-5	53 340	55 266	57 192	59 118	61 044	62 970	64 896	66 822	68 748				
S-4	49 030	50 796	52 562	54 328	56 094	57 860	59 626	61 392	63 158				
S-3	46 045	47 431	48 817	50 203	51 589	52 975	54 361	55 747	57 133	58 519	59 905		
S-2	41 725	42 977	44 229	45 481	46 733	47 985	49 237	50 489	51 741	52 993	54 245	55 497	56 749
S-1	37 397	38 520											

C. Trades and Crafts category

Grade/step	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*
TC-8	57 447	59 285	61 123	62 961	64 799	66 637	68 475
TC-7	54 131	55 864	57 597	59 330	61 063	62 796	64 529
TC-6	50 816	52 443	54 070	55 697	57 324	58 951	60 578
TC-5	47 512	49 032	50 552	52 072	53 592	55 112	56 632
TC-4	44 208	45 622	47 036	48 450	49 864	51 278	52 692
TC-3	40 894	42 206	43 518	44 830	46 142	47 454	48 766
TC-2	37 599	38 801	40 003	41 205	42 407	43 609	44 811
TC-1	34 272	35 369	36 466	37 563	38 660	39 757	40 854

D. Language Teachers category

Level	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*
LT	51 426	53 092	54 758	56 424	58 090	59 756	61 422	63 088	64 754	66 420	68 086	69 752

E. Trades and Crafts category

Level	*I*	*II*	*III*	*IV*	*V*
Tour Coordinator/Supervisor and Briefing Assistant[a]	42 278	44 272	46 266	48 260	50 254
PIA-II and Tour Coordinator	37 457	38 995	40 533	42 071	43 609
PIA-I	34 520	35 925			

[a] Includes Briefing Assistant as at 1 September 1991.

Annex VIII

Terms of reference of the Working Group on Entitlements of Internationally Recruited Staff Serving in Non-Family Duty Stations

1. In response to General Assembly resolution 59/266, the new information brought to light by the report of the Secretary-General entitled "Investing in the United Nations: for a stronger Organization worldwide" (A/60/692) and the information provided by the Department of Peacekeeping Operations, the Commission decided to study further the practices relating to the entitlements of internationally recruited staff serving at non-family duty stations. The Commission formed the Working Group on Entitlements of Internationally Recruited Staff Serving in Non-Family Duty Stations to expedite the review in response to the urgency expressed by the United Nations.

2. The Working Group will consist of representatives of the Commission, its secretariat, the CEB/HR Network, organizations with internationally recruited staff serving in non-family duty stations and staff.

3. The objective of the Working Group is to provide the Commission with cost-effective proposals that enhance the organizations' ability to recruit, retain and reassign international staff members at non-family duty stations. In this regard, the Working Group will keep in mind the principles of equal treatment for similarly situated staff members to ensure that there is no competition among organizations due to variances in the compensation packages, while considering the needs of all organizations.

4. The Working Group is required to:

(a) Make a detailed inventory of the compensation packages for international staff serving in non-family duty stations within the United Nations common system;

(b) Carry out an in-depth examination of the current compensation packages;

(c) Identify and examine the problems to recruit, retain and reassign international staff members at non-family duty stations;

(d) Design a compensation package which is transparent, simple and easy to administer, paying attention to elements which have proven to be difficult to administer, such as education benefits, travel entitlements and leave;

(e) Make proposals to streamline the recruitment, retention and reassignment of staff members to non-family duty stations;

(f) Model and conduct simulations to determine the cost implications of the various proposals.

5. The Working Group is required to submit its proposals to ICSC at its 64th session, in spring 2007. The Working Group will also make recommendations on the implementation procedures, including periodic review of the compensation package.

Annex IX

Criteria for employment of National Professional Officers, 2006

1. The employment of NPOs by a given common system organization should be grounded in a policy framework established by that organization's legislative body. This practice should be set forth in a clearly enunciated policy statement demonstrating its consistency with the organization's operational requirements.

2. NPOs should be nationals of the country where they are to serve, should be recruited locally and should not be subject to assignment to any duty station outside the home country.

3. The work performed by NPOs should have a national content. It should be at the Professional level and the same standards of recruitment qualifications and performance as are required for other Professional staff should apply. The functions of all NPO posts should be justified within the overall efforts of the United Nations system to increase national development and other related categories. NPOs should bring to bear in the job national experience and knowledge of local culture, language traditions and institutions.

4. Organizations employing NPOs should maintain a balance between international and local Professionals appropriate to their needs, bearing in mind the need to preserve the universal character and the independence of the international civil service.

5. NPO posts should be graded on the basis of the Common Job Evaluation Standard for the classification of Professional and higher categories. Their conditions of service should be established in accordance with the principle of the best prevailing conditions in the locality for nationals carrying out functions at the same level, through the application of the NPO salary survey methodology promulgated by ICSC.

6. The career prospects of NPOs are necessarily limited, given (a) the continued employment of international staff in senior management positions, (b) the number of grades in the category and (c) the fact that the functions they perform may be finite. Organizations should make NPOs aware of these limitations. Within that context, however, organizations should endeavour to develop the potential of NPOs as a matter of sound human resources policy.

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